United States Court of Appeals

for the Second Circuit

APPENDIX

75-5024

United States Court of Appeals

FOR THE SECOND CIRCUIT

Docket No. 75-5024

B

HARVEY R. MILLER, as Trustee in Bankruptcy of IRA HAUPT & Co., a Limited Partnership, Bankrupt,
Plaintiff-Appellant,

—against—

NEW YORK PRODUCE EXCHANGE *et al.*,
Defendants-Appellees.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

JOINT APPENDIX — EXHIBITS

Volume III
(Defendants' Exhibits 1a – 215;
Court's Exhibits 2 – 5)

UNITED STATES COURT OF APPEALS
FILED
JUL 26 1976
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SECOND CIRCUIT

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1A

COMMODITY FUTURES TRADING COMMISSION

1120 CONNECTICUT AVENUE N. W.
WASHINGTON, D. C. 20036

ATTESTATION

District of Columbia)
) ss.:
Washington, D. C.)

I, WAYNE L. OLSON, Acting Director of the Bureau of Market Surveillance of the Commodity Futures Trading Commission, do hereby attest that the following annexed documents are true copies of the original records in my legal custody:

(1) "Report of Investigation of the Operations of the Allied Crude Vegetable Oil Refining Corporation in Cottonseed Oil Futures and Soybean Oil Futures, July 1, 1963 - November 22, 1963," prepared by the U. S. Department of Agriculture, Commodity Exchange Authority, Washington, D. C.

(2) Memorandum of March 18, 1964, from Alex C. Caldwell, Administrator to George L. Mehren, Assistant Secretary.

(3) Distribution and control sheet for CSO and SBO report, revised March 17, 1964.

Wayne L. Olson
WAYNE L. OLSON

AFFIDAVIT

District of Columbia)
) ss.:
Washington, D. C.)

RICHARD E. NATHAN being duly sworn deposes and says:

I am Deputy General Counsel for Review, Administration and Procedure of the Commodity Futures Trading Commission, an independent agency of the United States Government established

effective April 21, 1975, 7 U.S.C. 4a. Pursuant to Section 104 of the Commodity Futures Trading Commission Act of 1974, 88 Stat. 1392, all records of the Commodity Exchange Authority were transferred to the custody of the Commodity Futures Trading Commission. The annexed records are among those transferred to the Commodity Futures Trading Commission pursuant to that provision and they are in the legal custody of Wayne L. Olson, Acting Director of the Commission's Bureau of Market Surveillance.

Richard E. Nathan
RICHARD E. NATHAN

Sworn to before me
this 24th day of September 1975

Barbara Jean Briggs
NOTARY PUBLIC

My Commission Expires November 14, 1979

REPORT OF INVESTIGATION OF THE OPERATIONS OF ALLIED CRUDE VEGETABLE OIL REFINING CORPORATION IN COTTONSEED OIL FUTURES AND SOYBEAN OIL FUTURES

JULY 1, 1963 - NOVEMBER 22, 1963

UNITED STATES DEPARTMENT OF AGRICULTURE
Commodity Exchange Authority
Washington, D. C.

Operations of Allied Crude Vegetable Oil Refining Corporation in Cottonseed Oil Futures and Soybean Oil Futures July 1, 1963 - November 22, 1963

Introduction

This is a report on the analysis and investigation by the Commodity Exchange Authority of the large operations of Allied Crude Vegetable Oil Refining Corporation in the soybean oil and cottonseed oil futures markets in 1963. The purpose of the investigation was to determine whether these operations involved price manipulation or cornering in violation of the Commodity Exchange Act.

The basic questions to which the report is addressed are: (1) Was there artificiality in cottonseed oil and soybean oil prices, and if so, was such artificiality caused by the operations of Allied Crude and (2) did Allied Crude corner the cottonseed oil market or was it in a position to squeeze the shorts in the 1963 December future?

The report deals with the various economic factors that surrounded the operations of Allied Crude in soybean oil and cottonseed oil during 1963. Consideration is given to the production and supply of edible fats and oils, and particularly to the supplies of cottonseed oil and soybean oil. This is followed with an analysis of the overall price situation in all basic commodities during July-November 1963, with special emphasis on the critical September-November period during which Allied Crude reached the peak of its buying and accumulation of positions in cottonseed oil and soybean oil futures. The movement of cottonseed oil and soybean oil prices in this period was evaluated and compared with that of the general commodity price structure.

Complete information on the daily transactions, deliveries and positions of Allied Crude Vegetable Oil Refining Corporation from October 1, 1962, through November 22, 1963, in both oil futures is included in this report.

In view of the substantial buying of Allied Crude Vegetable Oil Refining Corporation in both cottonseed oil and soybean oil futures during the July-November 1963 period, price changes that occurred during this period have been considered in relation to the firm's operations and in relation to the other traders' operations in the two oils.

Supply of Edible Fats and Oils

The world supply situation for edible fats and oils during the 1962-63 season was one of surplus. World production of edible fats and oils was estimated for 1963 by the Economic Research Service in the

November 1963 Fats and Oils Situation at 33.9 million short tons, 15 percent above the 5-year (1955-59) average. Edible vegetable oils alone accounted for 14.7 million short tons, or 43 percent of total fats and oils in the world.

United States production of edible fats and oils has increased considerably in recent years primarily due to the larger soybean crops. In the 1962-63 season, production of soybean oil totaled 5,091 million pounds and cottonseed oil production totaled 1,909 million pounds. Together these two oils represented 59 percent of the total food fats and oils produced in the U. S. in the 1962-63 season. These data are presented in the following tabulation:

Period	Soybean oil		Cottonseed oil		Total edible fats and oils production in U. S.	
	Production	As percent of total	Production	As percent of total		
	Mil. lb.	Percent	Mil. lb.	Percent	Mil. lb.	Percent
1956-60 av.	4,048	38.5	1,651	15.7	10,516	100.0
1961-62	4,790	41.0	1,952	16.7	11,680	100.0
1962-63 1/	5,091	42.7	1,909	16.0	11,927	100.0

1/ Preliminary.
Source: USDA, ERS, "Fats and Oils Situation" issued November 12, 1963.

As shown in the following tabulation, stocks of cottonseed oil and soybean oil have steadily grown larger during 1963 than the average stocks shown for the 1956-60 period. For the months of July-October 1963, soybean oil and cottonseed oil stocks were very large as compared to prior years for a comparable four-month period.

Year beginning Oct. 1	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
					Million pounds							
					Cottonseed oil							
1956-60	186	279	341	388	410	427	439	404	356	286	224	160
1961-62	170	245	320	392	434	489	478	513	458	402	324 1/	271 1/
1962-63 1/	296	380	461	530	598	656	678	644	584	526	514	466
1963-64 1/	488	555	637									
					Soybean oil							
1956-60	280	279	338	388	415	427	471	508	497	456	474	422
1961-62	677	738	802	860	938	969	966	939	944	825	780	701
1962-63 1/	618	594	640	734	725	846	842	788	833	878	921	923
1963-64 1/	920	N.A.	894									

1/ Preliminary.
Source: USDA, ERS, "Fats and Oils Situation," August and November 1963, for crop years 1956-57 - 1962-63, August-December 1963 for cottonseed oil and October-December 1963 for soybean oil from records of ERS.

In the September-November 1963 period when the levels of cottonseed oil and soybean oil cash and futures prices rose, they did so in face of larger than normal stocks of both oils and in prospect of an anticipated record soybean crop.

The supply outlook for the 1963-64 oil year was reported on in the Fats and Oils Situation released by the Economic Research Service of August 26, 1963, as follows, "Early August indications point to a total U. S. supply of edible fats, oils, and oilseeds during the 1963-64 marketing year (starting October 1) of about 16.7 billion pounds (oil equivalent of oilseeds). This is about 2 percent above the record quantity available during the current year. The increase in supply is due almost entirely to the record soybean crop in prospect."

Declining prices in cottonseed oil and soybean oil from July to mid-September reflected the heavy supplies in the two commodities. As will be shown, Allied Crude Vegetable Oil Refining Corporation continued to buy cottonseed oil and soybean oil futures during the July to mid-November period despite the large supplies of the two oils on hand and anticipated from the new crop.

Commodity Price Structure, 1963

Economic Situation. Charts 1 and 2 show that prices of cottonseed oil and soybean oil, after declining in July and August 1963, rose in mid-September and with only a brief interruption in mid-October, both oils continued to advance to their highest peak for the year in mid-November. The rise in oil prices which occurred in mid-September commenced immediately after the announcement of a large Soviet purchase of wheat from Canada.

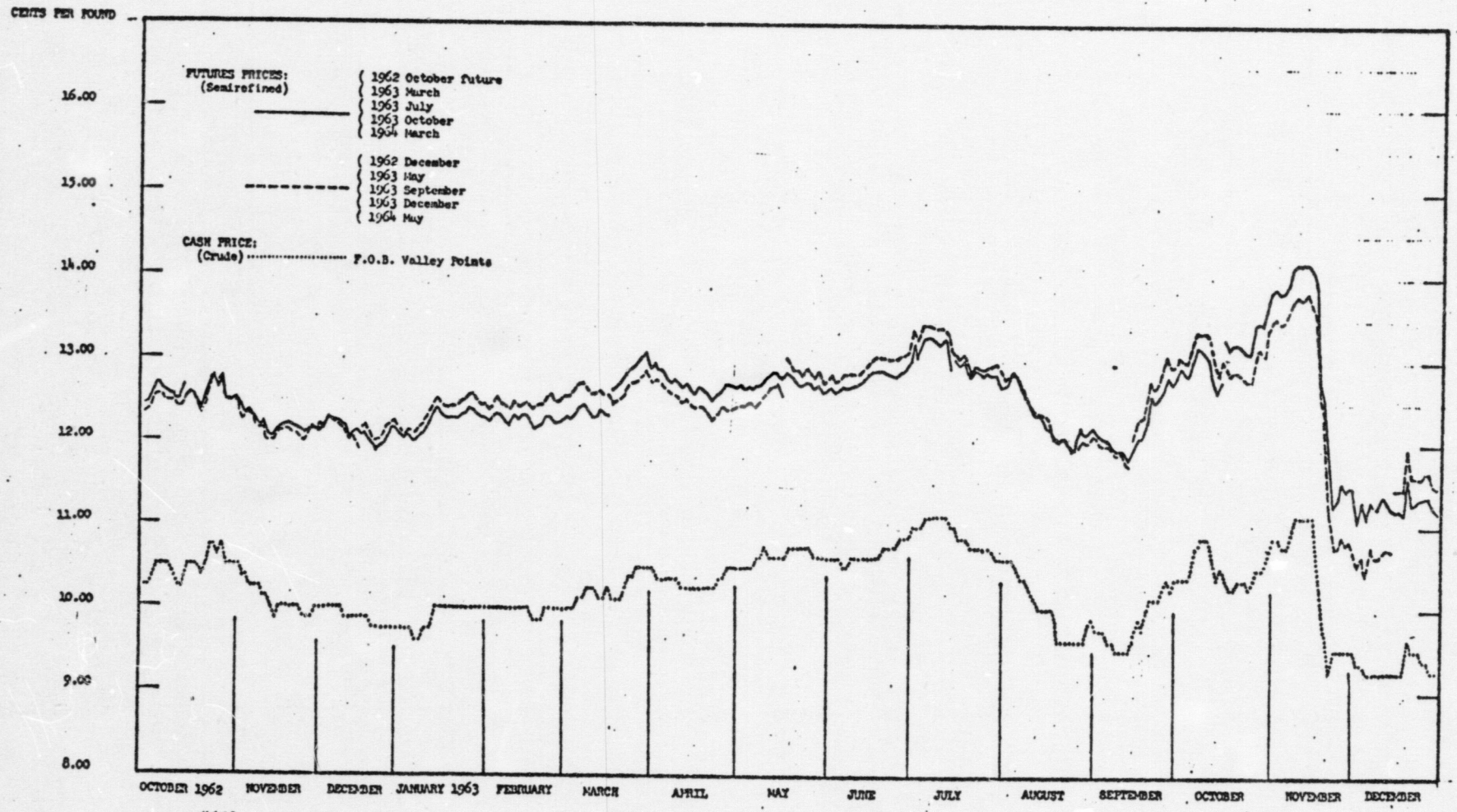
Concerning the price rise, the Fats and Oils Situation issued on November 12, 1963, had this to say:

> "The general level of U. S. fats and oils prices advanced about 15 percent from mid-September 1963 through early November, spurred by Russian wheat purchases from Canada and speculation that the Soviets and other Eastern Bloc countries may enter the U. S. market for fats and oils. The USSR sunflower seed crop (that country's major oil-bearing crop) was believed to be down somewhat due to dry and hot weather last summer. The price bullishness has developed at a time when U. S. oilseeds, fats, and oils marketings are the heaviest and prices normally are at their seasonal lows. While prices have receded slightly from their October peaks, it appears that U. S. fats and oils prices have moved to a slightly higher plateau and likely will continue strong throughout the 1963-64 marketing year."

CHART 1

COTTONSEED OIL: CLOSING PRICES OF TWO NEAREST FUTURES, NEW YORK PRODUCE EXCHANGE, AND CASH PRICE OF CRUDE COTTONSEED OIL,

DAILY, OCTOBER 1, 1962 - DECEMBER 31, 1963



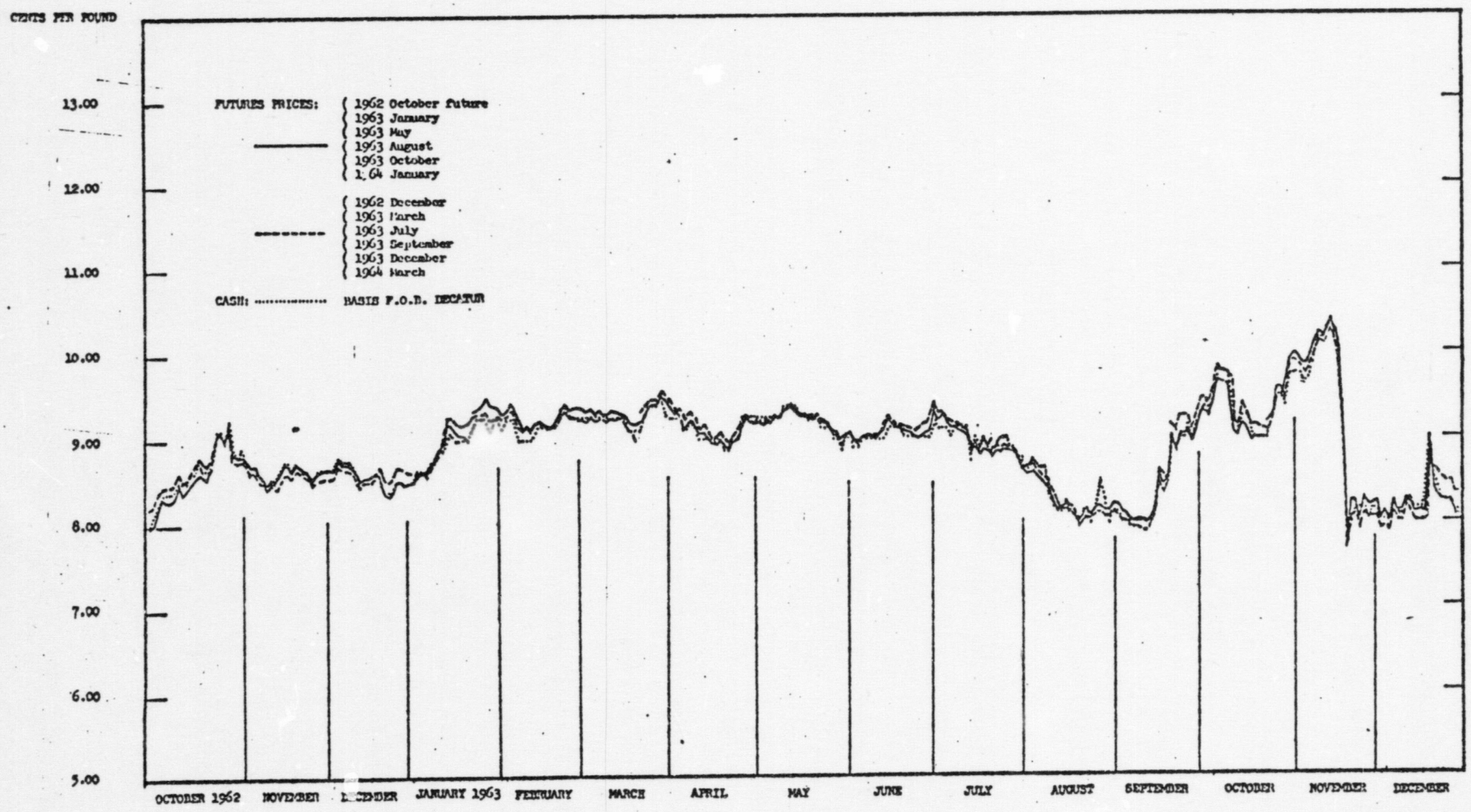
Source, cash prices: USDA, Economic Research Service.

USDA, Commodity Exchange Authority

CHART 2

SOYBEAN OIL: CLOSING PRICES OF TWO NEAREST FUTURES, CHICAGO BOARD OF TRADE, AND CASH PRICE, CRUDE SOYBEAN OIL, BASIS F.O.B. DECATUR,

DAILY, OCTOBER 1, 1962 - DECEMBER 31, 1963



Source, cash prices: USDA, Economic Research Service.

USDA, Commodity Exchange Authority

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Rumors attributed to Western European sources as early as mid-1963 reported that the Soviet sunflower seed crop would be sharply below that of the last two years due to widespread drought in the major oil producing areas in the Soviet Union.1/ These rumors apparently received little or no market attention at that time. However, upon announcement of the large Soviet purchase of Canadian wheat, these rumors were no longer discounted but rather, combined with the Soviet's declaration of need for additional wheat, led some to believe that Russia might also need oils as well. The price decline which had begun in early July was thus reversed by the anticipated demand, with sharply rising prices following.

The rumored reduction in Russian sunflower seed production was later confirmed by the Foreign Agricultural Service in their weekly bulletin, Foreign Agriculture, dated December 30, 1963, which stated: "World production of this oilseed in 1963 is tentatively estimated at only 6.6 million short tons, nearly 12 percent less than it was in 1962. ... Of the various soft edible vegetable oils (excluding palm oils), sunflowerseed ranks third after soybeans and peanuts in volume traded on the world market..."

The Russian negotiations for U. S. wheat following their Canadian purchases, therefore, were a "shot in the arm" to the entire commodity price structure. Just as commodity prices rose on prospects of Russian purchases, prices also reacted in early October with the delay and uncertainty in negotiations.2/ Finally in mid-November, there was a growing realization in the commodity markets that if any commodity sales materialized, they would only be after long and exhaustive negotiations.3/ Many foodstuffs' commodity prices weakened at this time. As will be discussed, it is within this framework that large operations of Allied Crude Vegetable Oil Refining Corporation in oil futures occurred, with prices of cottonseed oil and soybean oil rising as the general commodity price level rose and subsequently declining in mid-November with the general price level.

Periods of Price Variation. In view of the activity of Allied Crude in cottonseed oil and soybean oil futures in mid-1963 and of the distinct changes in prices which ensued in the months that followed, the period extending from early July to mid-November has been subdivided into several shorter time periods which correspond with significant changes in price direction of both oils. Prices at the beginning and end of these periods are shown in the following tabulation using the 1963

1/ Commodity News Service Ticker, July 17, 1963.
2/ Ibid., October 8, 1963.
3/ Ibid., November 12, 13, 14, 15, 1963.

December future closing price in the two oils to illustrate the movement of prices within the periods:

Date	Cottonseed oil		Soybean oil	
	Price (Cents per pound)	Change	Price (Cents per pound)	Change
July 1	13.50		9.54	
Sept. 13	11.95	- 1.55	8.24	- 1.30
Oct. 8	13.36	+ 1.41	9.76	+ 1.52
Oct. 24	12.79	- .57	9.16	- .60
Nov. 13	13.84	+ 1.05	10.26	+ 1.10
Nov. 20	11.17*	- 2.67	8.05	- 2.21

* Exchange-dictated settlement price.

The price decline from July 1 until September 13 of 155 points in cottonseed oil and 130 points in soybean oil reflected the larger stocks of oils which were accumulating in that period. The price upturn which followed on September 13 took place at the time of the large purchase of Canadian wheat by the Soviet Union. Prices of cottonseed oil and soybean oil continued to rise until October 8, buoyed by much uncertainty concerning the extent of Russian demand for U. S. foodstuffs.

The upward trend in prices of both oils reached a temporary peak on October 8, and thereafter declined until October 24, as there was no apparent progress in the U.S.-Russian wheat sale negotiations.

Following renewed assurances that the U.S.-Russian differences were likely to be soon resolved, closing prices of cottonseed oil and soybean oil, as shown in the tabulation, again turned upward on October 24, rising to new record levels for the season on November 13. The overall price increase from September 13 through November 13 totaled 189 points for cottonseed oil and 202 points for soybean oil.

Both cottonseed oil and soybean oil prices began to decline on November 13 and fell sharply in the following days until November 20. This decline in prices of both oils corresponded to a drop in prices of such other foodstuffs as wheat, rye and soybeans. The concurrent weakening in prices of these major foodstuffs reflected a turning point in the attitude of the commodity trade with regard to the possible purchases of foodstuffs by Russia. The forced liquidation of large cottonseed oil and soybean oil positions held by Allied Crude, which occurred on November 19 and 20, was reflected in the decline of some 267 points in cottonseed oil prices and 221 points in soybean oil prices which took place from November 13 to November 20, 1963. Prices on the latter date were lowest for the season for cottonseed oil and soybean oil.

Patterns of Futures Prices. Throughout the period of aggregate price rises from September 13 to November 13, 1963, there was at all times, as is shown in charts 1 and 2 and also in the following table, a "normal" market for both oils; that is, the forward delivery months were priced successively above each other. Examination of prices of the May and July 1964 futures not shown in the table also revealed that

Oil futures: Semimonthly closing prices of near future (except in delivery month) and succeeding three futures, cottonseed oil on the New York Produce Exchange and soybean oil on the Chicago Board of Trade, July 1 - Nov. 29, 1963

(In cents per pound)

Date	Near future		Succeeding futures						Price differences 1/		
	Future	Price	Future	Price	Future	Price	Future	Price			
COTTONSEED OIL											
1963											
July 1	Sept.	13.38	Oct.	13.43	Dec.	13.50	Mar.	13.55	+ .05	+ .12	+ .17
15	do.	13.11	do.	13.09	do.	13.13	do.	13.20	- .02	+ .02	+ .09
31	do.	12.86	do.	12.67	do.	12.68	do.	12.74	- .19	- .18	- .12
Aug. 15	do.	12.34	do.	12.22	do.	12.33	do.	12.46	- .12	- .01	+ .12
30	do.	12.14	do.	12.22	do.	12.28	do.	12.38	+ .08	+ .14	+ .24
Sept.13	Oct.	11.81	Dec.	11.95	Mar.	12.13	May	12.18	+ .14	+ .32	+ .37
30	do.	12.84	do.	12.97	do.	13.26	do.	13.44	+ .13	+ .42	+ .60
Oct. 15	Dec.	13.03	Mar.	13.34	May	13.53	July	13.60	+ .31	+ .50	+ .57
31	do.	13.50	do.	13.82	do.	14.04	do.	14.14	+ .32	+ .54	+ .64
Nov. 15	do.	13.50	do.	13.88	do.	14.10	do.	14.22	+ .38	+ .60	+ .72
29	do.	10.85	do.	11.50	do.	11.85	do.	12.15	+ .65	+1.00	+1.30
SOYBEAN OIL											
1963											
July 1	Sept.	9.42	Oct.	9.46	Dec.	9.54	Jan.	9.59	+ .04	+ .12	+ .17
15	do.	8.96	do.	9.01	do.	9.15	do.	9.24	+ .05	+ .19	+ .28
31	do.	8.68	do.	8.65	do.	8.75	do.	8.82	- .03	+ .07	+ .14
Aug. 15	do.	8.23	do.	8.29	do.	8.44	do.	8.55	+ .06	+ .21	+ .32
30	do.	8.10	do.	8.22	do.	8.40	do.	8.50	+ .12	+ .30	+ .40
Sept.13	Oct.	8.05	Dec.	8.24	Jan.	8.33	Mar.	8.52	+ .19	+ .28	+ .47
30	do.	9.10	do.	9.24	do.	9.30	do.	9.45	+ .14	+ .20	+ .35
Oct. 15	Dec.	9.40	Jan.	9.45	Mar.	9.61	May	9.70	+ .05	+ .21	+ .30
31	do.	9.88	do.	9.98	do.	10.10	do.	10.24	+ .10	+ .22	+ .36
Nov. 15	do.	9.91	do.	10.02	do.	10.21	do.	10.26	+ .11	+ .30	+ .35
29	do.	8.05	do.	8.22	do.	8.47	do.	8.67	+ .17	+ .42	+ .62

1/ Plus (+) sign indicates succeeding future over near future and minus (-) sign indicates succeeding future under near future, both calculated on basis or near future.

the same price relationship extended to these futures as well. This pattern of price relationships between futures suggests that a strong price influence in this period was the burdensome supply and the cost incident to carrying supplies forward to later in the season. At no time was the market in an inverted pattern of price which is an indication of tightness of supply or price abnormality.

Cash and Futures Price Relationship. Cash and futures prices for cottonseed oil and soybean oil are shown in the following table:

Cottonseed oil and soybean oil closing prices of the near future on the New York Produce Exchange and Chicago Board of Trade, respectively, and cash prices, weekly, July 5-November 15, 1963

(Cents per pound)

Date	Cottonseed oil				Soybean oil			
	Future	Price 1/	Cash price 2/	Cash-futures spread 3/	Future	Price	Cash price 4/	Cash-futures spread 3/
1963								
July 5	Sept.	13.43	11.12	+ 2.31	Sept.	9.29	9.12	+ .17
12	do.	13.34	11.12	+ 2.22	do.	9.08	9.12	- .04
19	do.	13.02	10.88	+ 2.14	do.	8.90	8.88	+ .02
26	do.	12.92	10.75	+ 2.17	do.	8.88	8.88	0
Aug. 2	do.	12.84	10.62	+ 2.22	do.	8.67	8.62	+ .05
9	do.	12.50	10.25	+ 2.25	do.	8.38	8.38	0
16	do.	12.26	10.00	+ 2.26	do.	8.19	8.12	+ .07
23	do.	11.92	9.62	+ 2.30	do.	8.03	8.00	+ .03
30	do.	12.14	9.88	+ 2.26	do.	8.10	8.12	- .02
Sept. 6	Oct.	12.07	9.62	+ 2.45	Oct.	8.05	8.00	+ .05
13	do.	11.81	9.50	+ 2.31	do.	8.05	8.00	+ .05
20	do.	12.60	10.12	+ 2.48	do.	8.96	9.00	- .04
27	do.	12.74	10.25	+ 2.49	do.	8.94	9.00	- .06
Oct. 4	Dec.	13.20	10.50	+ 2.70	Dec.	9.60	9.50	+ .10
11	do.	13.09	10.62	+ 2.47	do.	9.20	9.25	- .05
18	do.	12.89	10.25	+ 2.64	do.	9.16	9.00	+ .16
25	do.	13.10	10.50	+ 2.60	do.	9.46	9.38	+ .08
Nov. 1	do.	13.54	10.88	+ 2.66	do.	9.88	9.75	+ .13
8	do.	13.80	11.12	+ 2.68	do.	10.14	10.12	+ .02
15	do.	13.50	10.88	+ 2.62	do.	9.91	9.88	+ .03

1/ Semi-refined Prime Bleachable Summer Yellow.
2/ Crude cottonseed oil, f.o.b. Valley points.
3/ Plus (+) sign indicates futures over cash. Minus (-) sign indicates futures under cash.
4/ Crude soybean oil, f.o.b. Decatur.

Throughout the July-November period, as prices of both oils rose and fell, the cash-futures price spreads remained basically unchanged. The larger spread between cash and futures prices for cottonseed oil is due to the fact that the cottonseed oil futures contract calls for delivery of semi-refined oil, whereas the soybean oil cash and futures prices both pertain to crude oil which is deliverable on that contract.

The close alignment in cash and futures prices shown in the table and also in charts 1 and 2 indicate that there was no departure from the normal cash-futures price relationship in either of these oils in the critical July-November period.

Extent of Price Variation. Open-to-close price changes in the near future for the July 1-November 20 period are shown in the following table for both cottonseed oil on the New York Produce Exchange and soybean oil on the Chicago Board of Trade.

Oil futures: Daily open-to-close price changes, by price intervals, near future, cottonseed oil on the New York Produce Exchange, July 1-November 19, 1963, and soybean oil on the Chicago Board of Trade, July 1-November 22, 1963

Price intervals (Points*)	Number of days					
	Cottonseed oil			Soybean oil		
	Advance	Decline	Total	Advance	Decline	Total
No change	-	-	7	-	-	8
1 - 5	22	17	39	20	24	44
6 - 10	15	9	24	13	13	26
11 - 24	15	8	23	7	7	14
25 - 49	6	0	6	7	1	8
50 and over	0	1	1	1	2	3
Total	58	35	100	48	47	103

* One point equals one hundredth of a cent per pound.

Relation of Cottonseed Oil and Soybean Oil Prices. Prices of cottonseed oil and soybean oil followed a nearly identical pattern over a 30-year period, from 1930-1960, according to a study which appeared in the August 1961 Fats and Oils Situation report of ERS. It states: "Statistical analyses of the prices of SBO and CSO during 1930-60 show nearly a perfect relationship between the two--a correlation coefficient of .988. CSO prices in this period explained virtually all of the variation (98 percent) in SBO prices."

In further analysis of the price relationship between these two oil futures, daily price movements of cottonseed oil and soybean oil for several time periods of different lengths have been correlated. In a

period of 285 trading days from October 1, 1962, to November 15, 1963, the coefficient of correlation was +.70; in a shorter time period of 98 trading days from July 1 to November 15, 1963, encompassing the distinct decline and rise in oil prices, the coefficient was +.80; in a still shorter time period of 46 trading days from September 13 to November 15, 1963, the period of rising prices, the coefficient was +.83. That cottonseed oil and soybean oil are nearly perfect substitutes for each other is confirmed by the close correspondence of price movements of the two oils. This analysis shows that a change in the price of one of the oils was associated with a change in the price of the other.

Soybean oil production in the United States in recent years has been more than double that of cottonseed oil and therefore might be expected to command a more dominant position of price leadership than cottonseed oil. A comparison of the price movements of the two oils in the July 1-November 15, 1963, period appears to bear this out, i.e., soybean oil price changes usually preceded those in cottonseed, with cottonseed oil following often in two or more smaller changes than that which took place in the soybean oil market.

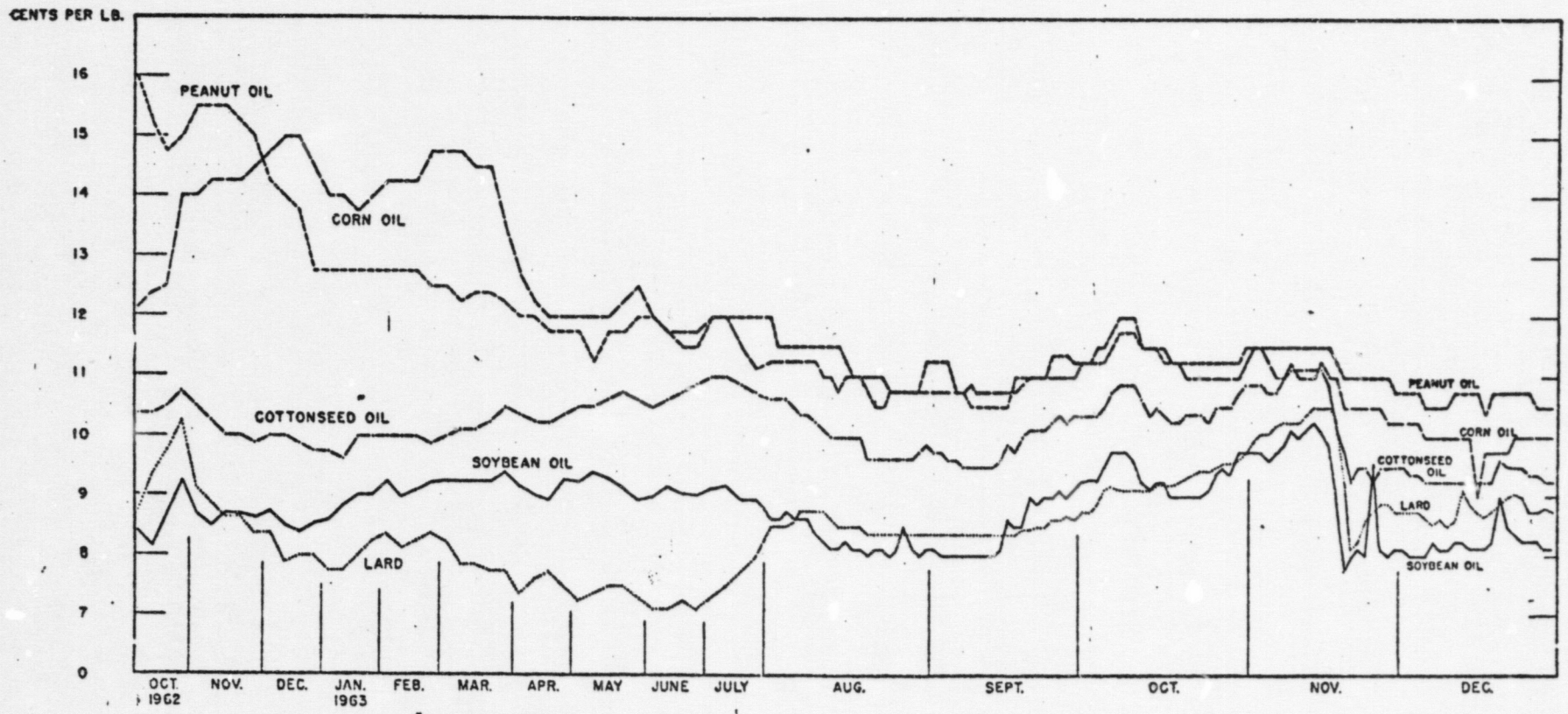
Relation to Other Fats and Oils. Chart 3 shows prices of the vegetable oils and of lard, an animal fat which is a close substitute for cottonseed oil and soybean oil. As shown in the chart, prices of all of the oils were in decline in mid-1963, and leading up to the announcement date of the large Soviet wheat purchase, whereupon they reacted in chorus to the new potential demand factor. Throughout the period which followed September 13, prices of all of the vegetable oils shown in the chart rose and fell together.

Commodity Price Index. The 22 commodity spot price index compiled by the BLS is shown in the upper panel of chart 4. Also shown in the lower panel of this chart are the 2 component indexes, foodstuffs and industrial goods, which together comprise the overall index shown in the upper panel. It is apparent from this chart that the primary stimulus to the mid-September rise in the overall index came from the foodstuffs component. The industrial goods component lagged behind foodstuffs in the price rise and continued to rise after the decline in the foodstuffs. Price movements of the foodstuffs index corresponded with the price direction periods shown earlier for cottonseed oil and soybean oil.

Other Commodities. Price direction of wheat, rye and soybeans was examined for the period of aggregate price rise from September 13 to November 13, 1963, and compared to that of cottonseed oil and soybean oil in this period. This comparison showed that the prices of wheat, rye and soybeans corresponded with those of cottonseed oil and soybean oil rising when the oils rose and falling when the oils fell.

CHART 3

CASH PRICES,* SOYBEAN OIL, COTTONSEED OIL, CORN OIL, PEANUT OIL, AND LARD, WEEKLY, OCTOBER 1962 - JULY 1963, AND DAILY, AUGUST - DECEMBER 1963



SOYBEAN OIL, CRUDE, BASIS F.O.B. DECATUR
COTTONSEED OIL, CRUDE, BASIS F.O.B. VALLEY POINTS
CORN OIL, CRUDE, BASIS F.O.B. MIDWEST MILLS
PEANUT OIL, CRUDE, BASIS F.O.B. SOUTHEAST MILLS
LARD, LOOSE, BASIS F.O.B. CHICAGO

Source: USDA, Economic Research Service

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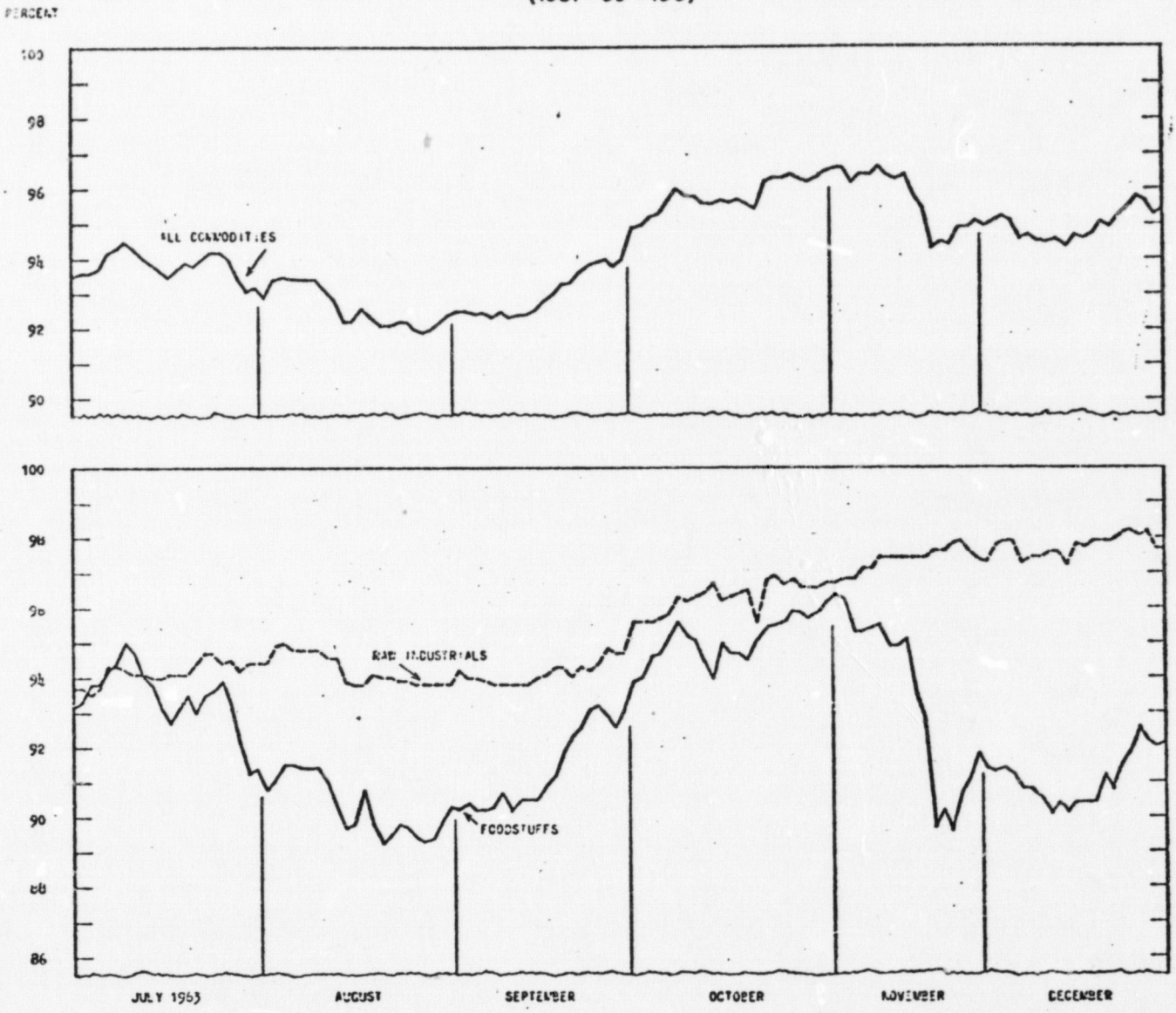
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CHART 4

SPOT MARKET PRICE INDEXES: FOODSTUFFS, RAW INDUSTRIALS, AND ALL COMMODITIES, DAILY, JULY 1 - DECEMBER 31, 1963

(1957-59 = 100)



SOURCE. U. S. DEPARTMENT OF LABOR, BLS

USCA, CEA

Oil Prices Relative to the Overall Commodity Price Structure. It has thus far been shown in this section of the report that in the several periods of price movement from July 1 to November 15, 1963, prices of cottonseed oil and soybean oil, of other major foodstuffs, and of the commodity index without exception rose and fell together. It has also been established that price relationships of cash and futures in both the cottonseed oil and soybean oil markets remained unchanged in the several periods of price direction, and that within the futures market itself, prices of the forward delivery months sold successively above those of the near month, indicating that a normal market relationship existed at all times between the various futures.

The above analyses have shown that the prices of cottonseed oil and soybean oil were at all times moving in concert with the price direction effected by the economic climate prevailing. In support of this conclusion, a very high correlation of $r = +.919$ was found between close-to-close price changes of the near future in cottonseed oil and close-to-close price changes of the near future in wheat. Perhaps even more significant in this latter analysis was the coefficient of determination (r^2) which indicated that 84.4 percent of the changes in the price of cottonseed oil were associated with similar changes in prices of wheat.

It is, therefore, apparent that the many economic factors which emerged during the July 1-November 15, 1963, period were the dominant forces in determination of the course of prices of all important foodstuff commodities including cottonseed oil and soybean oil, and that changes in the price direction of cottonseed oil and soybean oil throughout this period can thus be attributed to changes in the overall price direction.

Allied Crude Vegetable Oil Refining Corporation

The tables appearing in the appendix of this report detail the daily trading, deliveries and positions of Allied Crude Vegetable Oil Refining Corporation in cottonseed oil futures on the New York Produce Exchange and in soybean oil futures on the Chicago Board of Trade for the period beginning October 1, 1962, and ending November 22, 1963.

Reporting regulations under the Commodity Exchange Act require that every trader or firm holding open futures contracts in cottonseed oil or soybean oil of 25 tank cars or more of 60,000 pounds each in any future on one contract market is required to submit specified daily reports covering all transactions, deliveries and positions in all futures.

The information contained in the tables are based on the required daily reports filed by Allied Crude Vegetable Oil Refining Corporation with the Commodity Exchange Authority and include any transactions and positions for the account of Anthony DeAngelis, whenever he was in the market.

The transactions reported by Allied Crude Vegetable Oil Refining Corporation, as shown in the tables, include exchanges of futures for cash -- a type of trade made outside of the pit. These exchanges of futures for cash are also tabulated separately for cottonseed oil on pages 8-9, and for soybean oil on pages 24-25. A buyer of futures in such a transaction is a seller of cash oil and a seller of futures in such a transaction is a buyer of cash oil.

On November 20, the New York Produce Exchange closed the market in cottonseed oil and established exchange-dictated settlement prices for all outstanding futures contracts as of the close on November 19, 1963. On page 7 of the appendix tables, the cottonseed oil trades, shown for November 20, 1963, were the result of an exchange-dictated settlement which closed out the entire position of Allied Crude Vegetable Oil Refining Corporation and the positions of all other traders in the market.

On page [illegible] of the appendix tables, the total open contracts for November 19, 1963, in cottonseed oil, including the positions of Allied Crude Vegetable Oil Refining Corporation, were closed out by exchange-dictated settlement on November 20, 1963.

The exchange-dictated settlement prices on November 20 for cottonseed oil are shown by futures compared with closing prices on November 19, and the opening and closing prices on November 21, when the exchange reopened.

(Cents per pound)

Future	November 19, 1963		November 20, 1963		November 21, 1963	
	Closing price	Change previous close	Exchange-dictated settlement price	Change previous close	Opening	Close
Dec. 1963	12.32A	- .25	11.17	-1.15	11.00	10.74B-75A
Mar. 1964	12.55A	- .25	11.67	- .88	11.55-50	11.25
May 1964	12.75A	- .25	11.89	- .86	11.80-75	11.50-47
July 1964	12.86A	- .25	12.11	- .75	12.05-00	11.65B-77A
Sept. 1964	12.75A	- .25	12.00	- .75	12.12B-40A	11.80B-12.00A
Oct. 1964	12.70A	- .25	11.95	- .75	11.80B	11.80B-12.00A
Dec. 1964	12.65A	- .25	11.90	- .75	12.15	12.02B-08A
Mar. 1965	12.88A	- .25	12.05	- .83	12.25	12.11B-28A
May 1965	13.40A	- .25	12.25	-1.15	12.40B	12.31B

Special price fluctuation limits of 25 points were in effect on November 19, 1963, for cottonseed oil futures. On November 20, the exchange fixed settlement prices on all futures contracts outstanding in cottonseed oil. Because of the special price limits in effect on November 19, with none for soybean oil, the exchange-dictated settlement prices on November 20 in cottonseed oil took into consideration, therefore, the declines in soybean oil futures prices on November 19. The closing prices of soybean oil futures on November 19, which were considered by the New York Produce Exchange in closing out the contracts in cottonseed oil, were as follows:

(Cents per pound)

	Soybean oil	Change from previous close
December	7.68	- 1.30
January	7.80	- 1.12
March	8.08	- 1.08
May	8.15	- .85
July	8.35	- .80
August	8.00	- .90
September	8.00	- 1.00
October	8.40	- .60

The Chicago soybean oil market on November 20 did not close as did the cottonseed oil market, and on this day, the futures prices of soybean oil showed a net gain. The December soybean oil future closed at 8.05 cents, an advance of 37 points.

Price and Trading Analysis

Earlier in this report, the broad economic factors affecting commodity price levels in the July-November period and involving both cottonseed oil and soybean oil were weighed. It was considered that these market influences affecting the entire structure of commodity prices were the primary forces behind the commodity price movements prevailing during the period studied.

There remains, however, the important step of determining whether the heavy buying and resulting buildup of the large long positions of Allied Crude Vegetable Oil Refining Corporation in both cottonseed oil and soybean oil futures contributed to the upward price movements and, at times, sustained prices in the two oil markets. This involves analyzing the trading and positions of Allied Crude in cottonseed oil and soybean oil futures, the relation of its trading in the two oils with price movements, and the overall composition of the two oil markets.

Trading and Price Changes. Within the July-November period under consideration, the direction of price movements of cottonseed oil and soybean oil futures was subdivided into periods showing the net price changes during the subperiods and related to the amount of trading by Allied Crude within such periods. These data are shown in the following table:

Date	Cottonseed oil					Soybean oil				
	Price 1/	Price change	Trading in period 2/			Price 1/	Price change	Trading in period 2/		
			Bought	Sold	Net 3/			Bought	Sold	Net 3/
	Cents per lb.		Contracts			Cents per lb.		Contracts		
1963										
July 1	13.50					9.54				
Sept. 13	11.95	-1.55	3,853	1,442	+ 2,411	8.24	-1.30	9,052	6,588	+2,464
Sept. 13	11.95					8.24				
Oct. 8	13.36	+1.41	2,635	2,069	+ 566	9.76	+1.52	2,432	2,079	+ 353
Oct. 8	13.36					9.76				
Oct. 24	12.79	- .57	2,352	975	+ 1,377	9.16	- .60	1,974	586	+1,388
Oct. 24	12.79					9.16				
Nov. 13	13.84	+1.05	2,827	348	+ 2,479	10.26	+1.10	4,657	711	+3,946
Nov. 13	13.84					10.26				
Nov. 14	13.65	- .19	87	56	+ 31	10.16	- .10	269	214	+ 55
Nov. 14	13.65					10.16				
Nov. 15	13.50	- .15	56	0	+ 56	9.91	- .25	606	272	+ 334
Nov. 15	13.50					9.91				
Nov. 18	12.57	- .93	0	0	0	8.98	- .93	66	169	- 103
Nov. 18	12.57					8.98				
Nov. 19	12.32	- .25	0	73	- 73	7.68	-1.30	0	4,338	-4,338
Nov. 19	12.32					7.68				
Nov. 20	11.17*	-1.15	45*	10,318*	-10,273*	8.05	+ .37	5	7,348	-7,343

* Exchange-dictated settlement price.

1/ 1963 December future.

2/ All futures combined, excluding exchanges of futures for cash; does not include trading overlap for first day of period except in initial period.

3/ Plus (+) sign indicates net purchases and minus (-) sign indicates net sales.

As the table shows, Allied Crude's buying in cottonseed oil futures continued throughout the period from July to mid-November, whether prices declined or advanced in the subperiods shown. For example, the firm bought 2,411 contracts in the period of July 1-September 13, when prices showed a net decline of over 1 1/2 cents per pound, and bought 2,479 contracts in the period of October 24 through November 13, when prices advanced over 1 cent per pound. This buying came to a stop on November 15, when prices declined. A severe break in prices occurred on Monday, November 18, with December cottonseed oil futures closing down 93 points, and December soybean oil futures also down 93 points. The bankruptcy action of Allied Crude occurred on the following day, November 19, 1963.

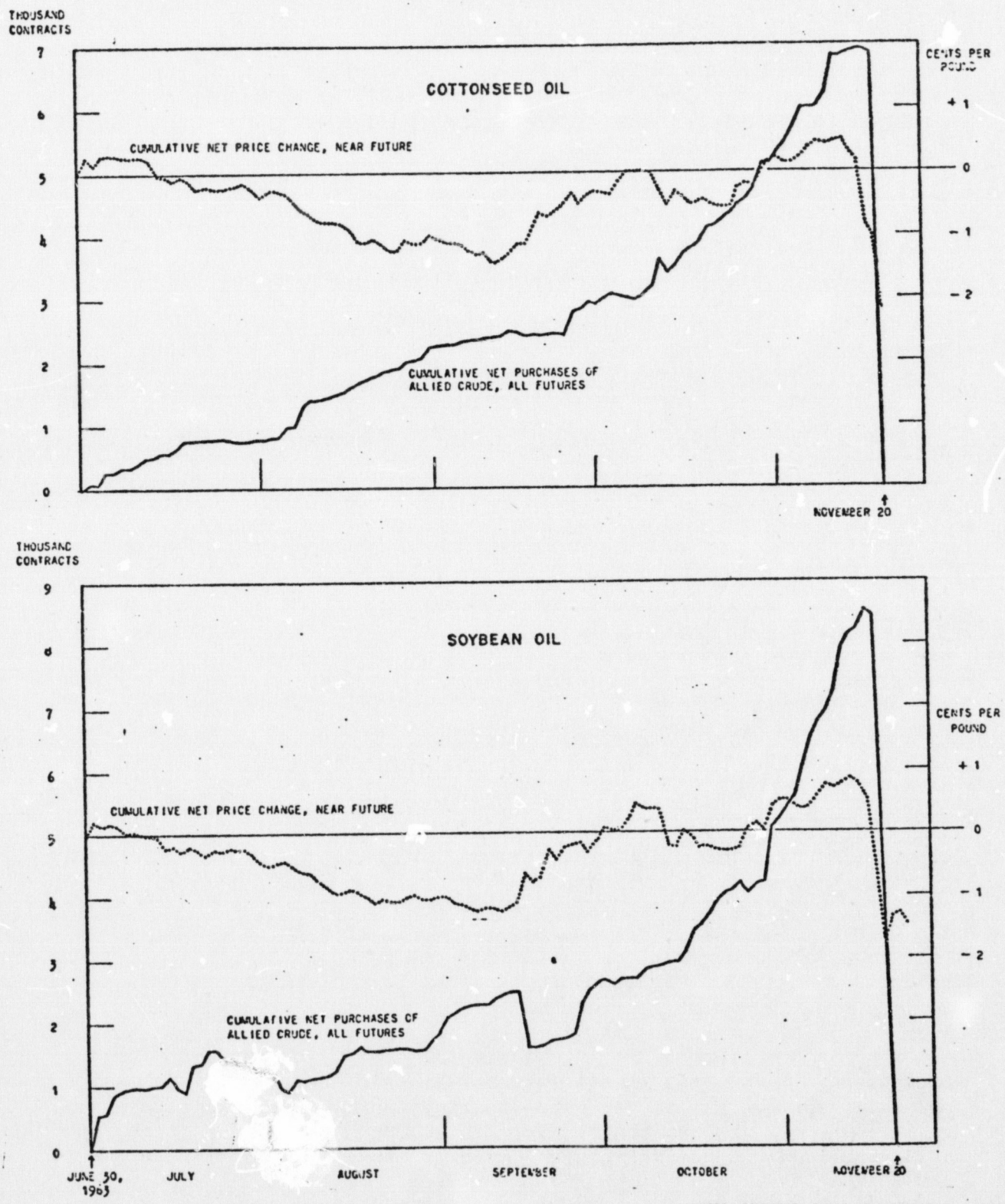
In soybean oil futures, Allied Crude likewise bought on balance throughout the entire period from July to mid-November, irrespective of whether prices were rising or falling. In the September 13-October 8 period, it continued to buy futures, as the table shows, although its total position was reduced more than half in late September. This came about by the firm selling futures and buying cash oil through a large exchange of futures for cash of 2,540 contracts on September 27 and 1,913 contracts on September 30, plus receiving delivery on the 1963 October future on October 1 amounting to 1,962 contracts. On October 1 the firm again bought futures and sold cash soybean oil through an exchange of futures for cash, amounting to 1,076 contracts on October 1 and 3,630 contracts on October 2. Exchanges of futures for cash, being done outside of the pit, had no direct effect upon the course of futures prices. From October 25 through November 13, Allied Crude accelerated its purchases and bought 3,946 contracts in this period, and during this period prices rose over 1 cent per pound. With prices moving down after November 13, and sharply on November 18, Allied Crude failed to meet its margin calls and thus began its forced liquidation of positions in soybean oil futures on November 19, until the firm's positions were completely liquidated at the close of the market on November 22.

Daily Trading and Price Changes. In order to show Allied Crude's daily trading activity in cottonseed oil and soybean oil futures in conjunction with price changes, its cumulative net purchases have been related to cumulated price changes starting from June 30, 1963, in chart 5. This cumulative type of chart brings into focus the trend of the firm's daily net purchases compared to price changes during the July to mid-November period. It brings out again that the firm on balance accumulated futures contracts in oils whether prices rose or fell during the period considered.

It can be observed from the chart that the price movements of cottonseed oil and soybean oil futures were very similar. Also, purchases in soybean oil were almost always on a larger scale than those of cottonseed oil. As a result, Allied Crude's position in soybean oil futures was larger in physical quantity than in cottonseed oil

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COTTONSEED OIL AND SOYBEAN OIL FUTURES: CUMULATIVE NET PRICE CHANGE AND CUMULATIVE NET PURCHASES OF ALLIED CRUDE VEGETABLE OIL REFINING CORPORATION FROM JUNE 30, 1963



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futures. However, positions of Allied Crude in soybean oil futures were smaller proportionately than in cottonseed oil, because the soybean oil futures market was approximately 2 1/2 times the size of the cottonseed oil market. In light of this situation and also in view of the similarity of price movements in the two oils, it would appear that in order for Allied Crude to affect or attempt to raise oil prices to artificial levels, the firm would have to dominate not one but both oil markets. As will be shown later, this situation did not exist, based on Allied Crude's operations.

Chart 5 also shows that the purchases of Allied Crude in cottonseed oil and soybean oil futures, beginning in late October and continuing through November 15, were very much intensified, as indicated by the almost perpendicular rise in the curves representing net purchases for the two oils. It appeared, therefore, that the climax in Allied Crude's operations, both in cottonseed oil and soybean oil, was reached in this period. Yet, prices of cottonseed oil and soybean oil futures did not respond substantially to this impetus in a way that would indicate that Allied Crude was unduly affecting prices of oils by its operations.

Although cottonseed oil and soybean oil prices rose in this last period before Allied Crude was put out of the markets for the two oils, price relations between futures and between cash and futures remained relatively unchanged. With this behavior in price patterns, it is considered that broader economic forces than the individual futures operations of Allied Crude caused the price rise and price downturn during the late October-November 15 period.

Price as a Function of Trading. The continued heavy buying in cottonseed oil futures by Allied Crude, which accompanied the rise in the price level of this oil, was correlated with daily price changes. Net trades, excluding exchanges of futures for cash, because pit transactions do not have a price effect upon futures prices, were compared in a linear relationship with net changes in the daily close-to-close prices of cottonseed oil. This correlation failed to show a significant relationship between the trading of Allied Crude and price changes.4/ It did not indicate that the net purchases of Allied Crude during the July-November 15 period had a measurable effect upon prices of cottonseed oil futures. As no significant relationship was apparent in cottonseed oil, no measurement was made of soybean oil, because Allied Crude was a smaller factor in that market than in cottonseed oil.

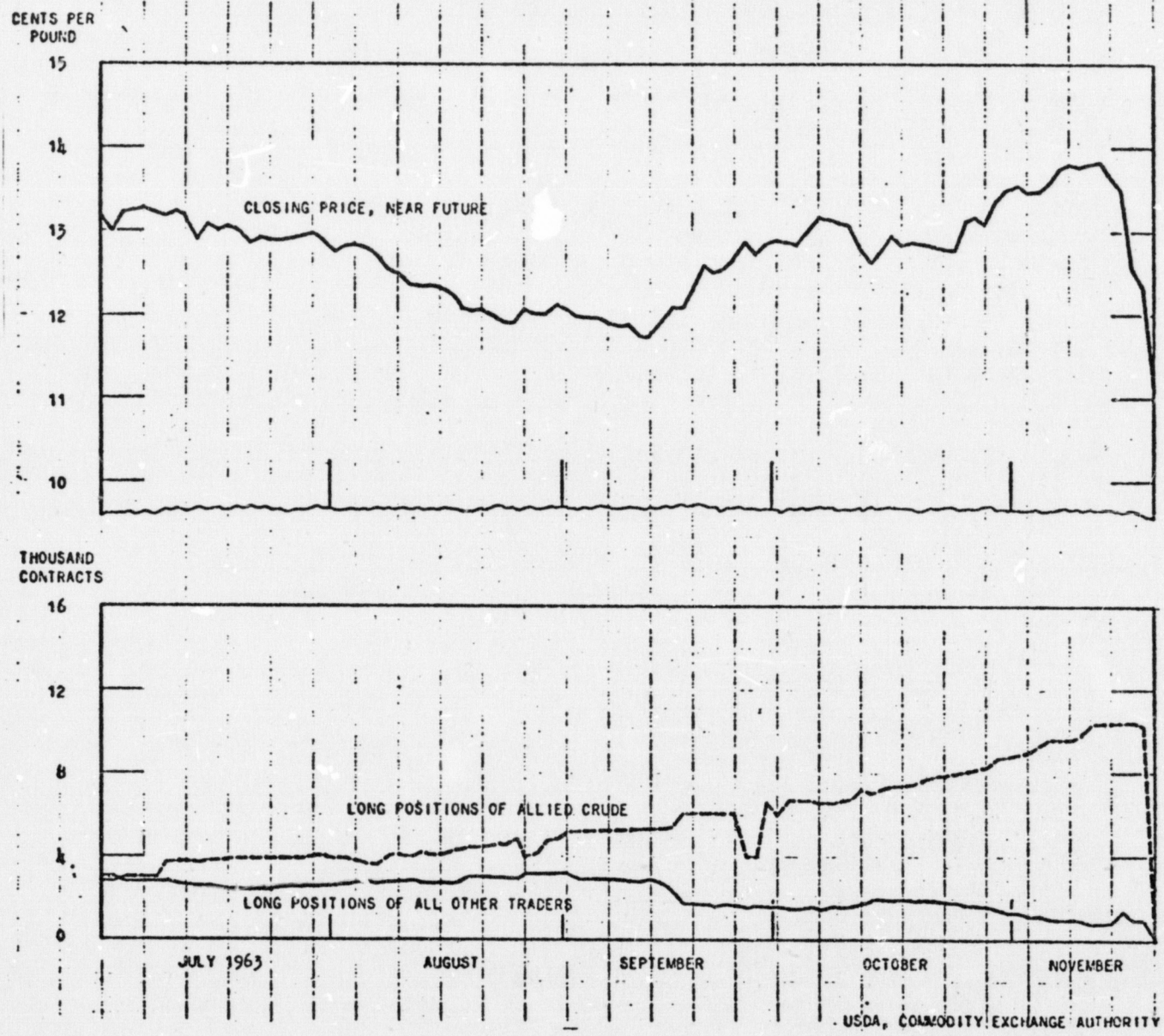
Composition of the Cottonseed Oil Futures Market. Chart 6 is a comparison between the long positions of Allied Crude and the long positions of all other traders combined. It illustrates the growth in positions from July 1 until November 20 of Allied Crude, with a

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4/ The correlation coefficient (r) was less than +.10 and, therefore, was negligible.

CHART 6

COTTONSEED OIL: CLOSING PRICE OF THE NEAR FUTURE, TOTAL LONG POSITIONS OF ALLIED CRUDE VEGETABLE OIL REFINING CORPORATION, AND TOTAL LONG POSITIONS OF ALL OTHER TRADERS, DAILY, JULY 1 - NOVEMBER 20, 1963



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progressive decline in long positions held by all other traders combined. As shown in the appendix tables of Allied Crude's trading and positions in cottonseed oil, the long side held by Allied Crude accounted for over 90 percent of the total open contracts in mid-November 1963, when the peak of its holdings was reached.

The composition of the open contracts in cottonseed oil futures during the critical September-November 20 period on both the long and short sides of the market, taken from reports of large traders, shows that the bulk of the long side was held by Allied Crude while the short side was held by large speculators, merchandisers, and a number of large processors -- crushers and refiners -- all of whom in the aggregate steadily increased their short positions as Allied Crude increased its positions on the long side of the market. These traders were thus providing the contracts for the increased purchasing by Allied Crude during the September-November period. Actually, processors held over one-half of the total short positions in cottonseed oil futures on November 15.

Also during this period, the CEA analysis and information from the trade indicated that short positions held by some large speculators and merchandisers were acquired against the purchase of cash cottonseed oil acquired from Allied Crude in connection with its financing operations.

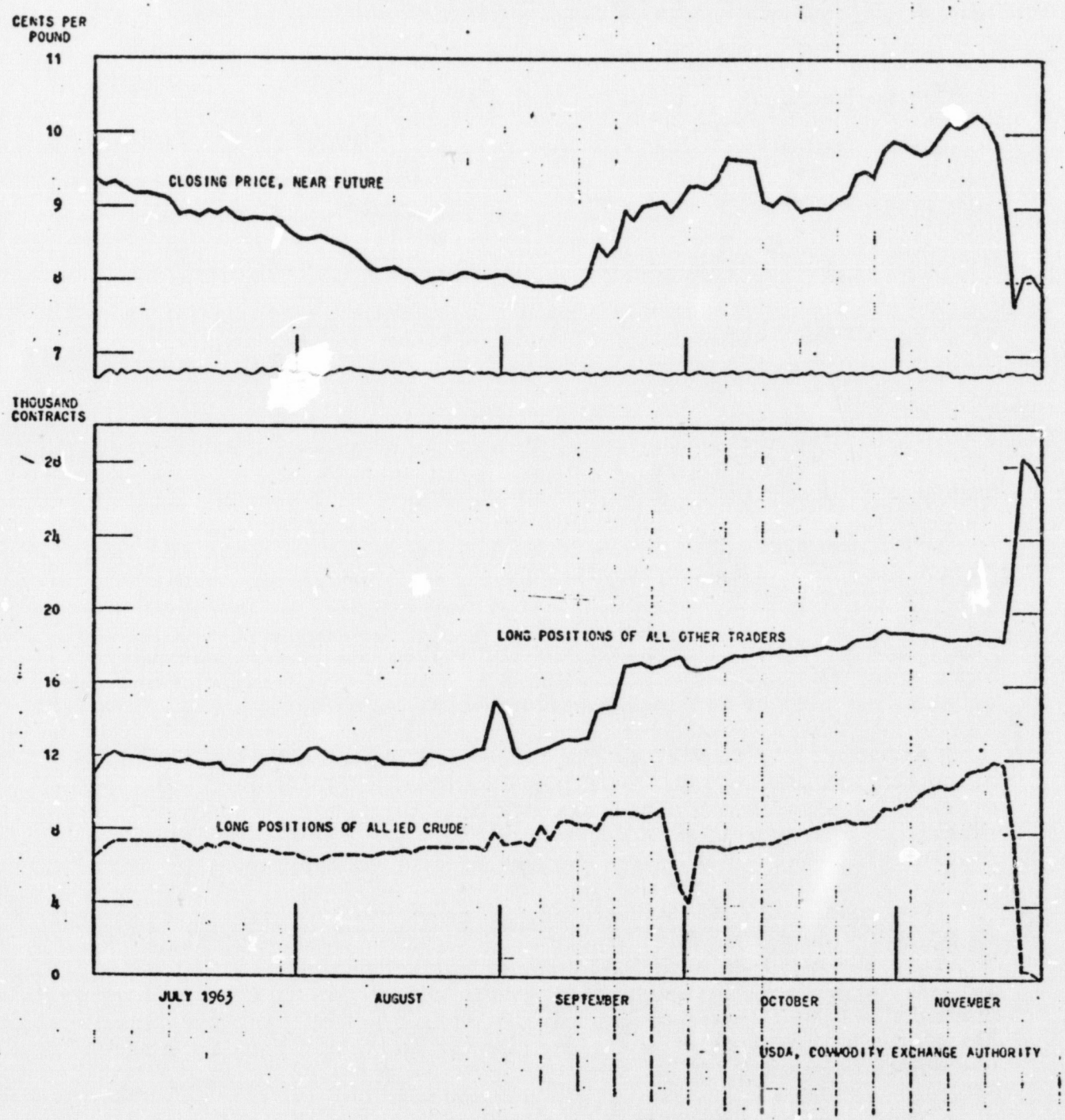
It is apparent from this lineup of traders in the cottonseed oil market that the industry was willing to accommodate Allied Crude by selling cottonseed oil at the higher prices prevailing in the September-November period, and in doing so the cottonseed oil industry had the capacity to deliver the quantity of cottonseed oil in settlement of futures contracts which Allied Crude held on the long side of the market, despite the size of its long position.

Nevertheless, in view of the large long position of Allied Crude in cottonseed oil futures exceeding 90 percent of the long side, a special investigation was made to determine whether or not this was part of a cornering operation in cottonseed oil. The results of this investigation are given in the next section of this report.

Composition of the Soybean Oil Futures Market. Unlike the pattern of positions held by Allied Crude and other traders in cottonseed oil futures, the combined long positions of all other traders in soybean oil futures far exceeded the long position in soybean oil held by Allied Crude during the July 1-November 22 period. The respective long positions of Allied Crude and those of all other traders from July 1 to November 22 are shown in chart 7.

Chart 7 also shows that long positions of other traders as a group rose sharply in late September. These traders' combined holdings continued to exceed Allied Crude's operations by a wide margin during

SOYBEAN OIL: CLOSING PRICE OF THE NEAR FUTURE, TOTAL LONG POSITIONS OF ALLIED CRUDE VEGETABLE OIL REFINING CORPORATION, AND TOTAL LONG POSITIONS OF ALL OTHER TRADERS, DAILY, JULY 1 - NOVEMBER 22, 1963



October and November. If Allied Crude was a price factor in soybean oil futures, other long traders were, as a group, even more of a factor. In view of the close correspondence of soybean oil prices with cottonseed oil prices, as has been shown, it follows that Allied Crude could not hope to dominate the cottonseed oil market without doing the same thing in soybean oil futures. Because of the size of the soybean oil market, this firm did not do this.

The composition of open contracts in soybean oil futures during the September-November period differed from the cottonseed oil market in view of the combined long holdings of other traders which were larger than those of Allied Crude. On the short side of the market, speculators, merchandisers and processors provided the contracts for the buying on the long side, including that of Allied Crude. The large traders in the soybean oil market were closely associated with the oil industry, and these traders were capable of delivering the quantity of soybean oil against the long positions held by Allied Crude and the long positions of other traders.

In considering the composition of both the cottonseed oil and soybean oil futures markets, it can be concluded that Allied Crude had heavy competition from other traders during the period of the report which mitigated against this firm dominating the oil markets.

Investigation of Possibility of Cottonseed Oil Corner

Allied Crude Vegetable Oil Refining Corporation as of October 31, 1963, held a long cottonseed oil futures position on the New York Produce Exchange of 8,738 tank cars in all futures combined, 86.8 percent of the total long open interest. The only available reliable data concerning the long spot cottonseed oil position of Allied Crude Vegetable Oil Refining Corporation is that obtained from the accountants for the receiver in bankruptcy. These data show that as of the latter part of November 1963, it held a spot inventory of eight tank cars and had fixed price spot purchase commitments for 192 tank cars, giving it a long spot cottonseed oil position of 200 tank cars. If it is assumed that this was its long spot position as of October 31, 1963, its total long position as of that date would have been 8,938 tank cars, spot and futures combined.

As of October 31, 1963, the available supply of cottonseed oil for the 1963-64 crop year was the equivalent of 36,247 tank cars on a Prime Bleachable Summer Yellow basis. It consisted of 9,130 tank cars of oil then in being and 5,247,000 tons of cottonseed which would yield 27,117 tank cars of Prime Bleachable Summer Yellow cottonseed oil. Allied Crude Vegetable Oil Refining Corporation's total long cottonseed oil position as of October 31, 1963, 8,938 tank cars, equaled only about 25 percent of this available supply. Accordingly, as of October 31, 1963, the futures and spot cottonseed oil positions held by Allied Crude Vegetable Oil Refining Corporation cannot be considered to have constituted a corner on the available supply of cottonseed oil.

Investigation of Possibility of a Squeeze

On October 31, 1963, the New York Produce Exchange cottonseed oil future closest to maturity was the December 1963 future. Allied Crude Vegetable Oil Refining Corporation held a long position of 5,445 tank cars in that future, 89.3 percent of the total long open interest in that future of 6,100 tank cars.

As of October 31, 1963, there were in deliverable space 3,860 tank cars of Prime Bleachable Summer Yellow cottonseed oil, the type required on futures contracts. Of this amount, 765 tank cars were held by warehousemen having space licensed for delivery by the New York Produce Exchange and 3,095 by other persons holding short positions in the December 1963 future. However, the total supply of oil (including the 3,860 tank cars of Prime Bleachable Summer Yellow in deliverable space) equaled 9,130 tank cars on a refined basis, and we know of only eight which were owned by Allied Crude Vegetable Oil Refining Corporation. In addition to the supply on hand as of October 31, 1963, the cottonseed crushing industry, if operating at capacity, could have produced the equivalent of 6,900 tank cars of cottonseed oil, refined basis, during November and the first half of December 1963.5/ Thus, as of October 31, 1963, there was a potential supply of 16,000 tank cars of cottonseed oil6/ from which to draw the amount necessary to deliver against the 6,100 outstanding December contracts. With 3,860 tank cars already in deliverable position, shorts had a potential supply of over 12,000 tank cars from which to get 2,240 to deliver, if all holders of long contracts demanded delivery.7/

With, on October 31, the total supply of cottonseed oil potentially available for delivery on the December 1963 future substantially in excess of the total open interest in that future, the only question remaining is whether a sufficient portion of that supply was available to the shorts to fill their commitments by delivery or whether some of the shorts would nevertheless have had to buy futures or cash oil from Allied Crude Vegetable Oil Refining Corporation to cover their commitments. That the shorts had the capability to fulfill their commitments without recourse to Allied Crude Vegetable Oil Refining Corporation is shown by the following table and explanation thereof.

5/ Based on a daily crushing capacity of 29,825 tons of seed (1958 census of manufacturers, the latest available data).

6/ The actual crush during November produced the equivalent of 3,820 tank cars of refined oil and the actual crush during December, the equivalent of 3,280 tank cars. Thus, the equivalent of about 5,460 tank cars of oil were produced during November and the first half of December, 79 percent of capacity.

7/ On October 31, 1963, there were 30 warehouses licensed by the New York Produce Exchange for the delivery of cottonseed oil located in 25 cities in 11 States. On the same date, there were 34 warehouses licensed by the Chicago Board of Trade for the delivery of soybean oil located in 28 cities in 6 States. In addition, the rules of the Chicago Board of Trade provide that during the last 3 business days of a delivery month, deliveries of soybean oil may be made in railroad tank cars located at or en route to any designated delivery point.

Open contracts in the December 1963 cottonseed oil future on the New York Produce Exchange as of October 31, 1963

(In tank cars of 60,000 pounds)

Positions held by:	Long	Short
Allied Crude Vegetable Oil Refining Corporation	5,445	
Other longs	655	
Holders of warehouse receipts covering deliverable oil in licensed space		3,045 1/ 502 2/
Licensed warehousemen		2,066
Persons known to be in the cash oil trade		262
Small traders		225
Total	6,100	6,100

1/ Excludes 50 warehouse receipts held by one firm in excess of its short December position and 147 receipts held by a licensed warehouseman.
2/ Short position held by one firm in excess of its holdings of tenderable warehouse receipts, but offset by a net long spot position.

Holders of Warehouse Receipts. Five persons not licensed as warehousemen by the New York Produce Exchange reported to the CEA short December cottonseed oil futures positions in amounts exactly equal to the tenderable warehouse receipts held by each such person. A sixth person in the same category held 50 warehouse receipts more than its short position. An additional firm which reported a short December position of 1,018 tank cars held tenderable warehouse receipts covering 516 tank cars. These seven persons held warehouse receipts covering

3,095 tank cars,8/ 3,045 of which were offset by short December positions. Thus, these seven persons held tenderable warehouse receipts sufficient to satisfy by delivery the 3,045 short contracts shown in the table, and in addition, one of them had receipts covering 50 extra cars which were available to other shorts.

The firm reporting a short December position of 502 contracts in excess of its holdings of tenderable warehouse receipts was in a position to be able to deliver in December against these 502 contracts. As of October 31 this firm, in addition to its tenderable receipts, held a net long spot cottonseed oil position consisting of inventory and purchase commitments to be filled prior to the end of December, consisting of 487 tank cars of Prime Bleachable Summer Yellow and the crude equivalent of 65 additional tank cars of Prime Bleachable Summer Yellow. This spot position, totaling 552 tank cars, was over and above its requirements for the filling of sales commitments open as of October 31 and thus was available for delivery on the December future.

Licensed Warehousemen. Fourteen firms operating warehouses licensed by the New York Produce Exchange for delivery of cottonseed oil reported to the CEA that they held short December positions totaling 2,066 tank cars. These 14 firms, all except one of which are refiners of cottonseed oil, held stocks of deliverable oil in licensed space totaling 606 tank cars. Most such warehousemen had licensed space available for the storage of oil in excess of their short December commitments and, having ample time to secure and process oil, could be expected to be able to deliver. In the few cases in which the licensed warehousemen, as of October 31, did not have sufficient oil on hand or

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8/ The holders of 3,026 of the 3,095 warehouse receipts obtained them from Allied Crude Vegetable Oil Refining Corporation in exchanges of futures for cash whereby Allied sold the warehouse receipts to the various individuals and established long December positions in the amount of such warehouse receipts. At the same time the purchasers of the warehouse receipts set up equally offsetting short December positions.

While these "transactions" may have been coupled with an understanding that the oil would be resold to Allied, nevertheless, the oil was available to offset the short positions in the December future which had been set up as part of the transactions between Allied and the individual purchasers. As indicative of the nature of these transactions is the fact that, between October 31 and November 15, 1963, the short positions of 3,026 tank cars set up in the December future by means of such transactions were offset by sales of the 3,026 warehouse receipts back to Allied, accompanied by covering purchases of December futures. New positions were then set up in the March future by means of similar expit transactions. Thus, the December positions of both Allied and the shorts ware merely moved forward to a more distant future.

sufficient available licensed space to equal or exceed their short December commitments, they had ample time to license additional capacity for delivery of cottonseed oil on the New York Produce Exchange, as well as to acquire the oil and process it.9/ The one licensed warehouseman who is not a refiner had inventory and open purchase commitments totaling 83 tank cars which it considered as an offset against its short December position of 73 contracts. Thus, the 14 persons, as of October 31, 1963, were in a position to be able to deliver in December against their short December position of 2,066 contracts.

Persons Known to be in Cash Oil Trade. Six persons other than those included in the above categories reported to the CEA the following short December cottonseed oil positions which were not covered by tenderable warehouse receipts:

Occupation	Number of persons	Short position (Tank cars)
Cottonseed oil processors		
Crusher and refiner	2	35
Crusher	1	65
Refiner	1	60
Soybean oil processor	1	17
Fats and oil merchant	1	85
Total	6	262

The three persons with refining facilities had sufficient time to license part of their storage tanks as regular for delivery and thus be in a position to deliver their own production.9/

Inasmuch as the other three persons are in the vegetable oil business, they too can be presumed to have had the ability to obtain deliverable oil.10/ Even if they could not obtain oil, they could be expected to be able to purchase futures from longs, other than Allied, who on October 31 held 655 contracts.

9/ Experience indicates that a licensed warehouse can increase its licensed space in less than one week while an unlicensed warehouse can secure a license for space within two weeks. However, if the need should arise, under exchange rules it is possible to license a new warehouse or extend the licensed capacity of a registered warehouse within two days or less.

10/ As of October 31, uncommitted licensed space well in excess of the short December positions held by these persons was available in warehouses licensed by the New York Produce Exchange for delivery of cottonseed oil.

Small Traders. These traders not reporting positions to the CEA as of October 31, 1963, held short positions of 225 contracts in the December future. Nothing is known about the capability of such persons to deliver oil in satisfaction of their positions. However, to satisfy their contracts, these shorts could be expected to be able to purchase futures from the longs other than Allied. Even if all six persons in category of persons known to be in the cash oil trade had to satisfy all their short commitments by purchase from such longs (which was very unlikely), 393 such long contracts still would remain to satisfy the need of the small traders to cover 225 contracts.

Conclusions

This report answers the following questions: (1) Was there artificiality in cottonseed oil and soybean oil prices, and if so, was such artificiality caused by the operations of Allied Crude, and (2) did Allied Crude corner the cottonseed oil market or was it in a position to squeeze the shorts in the December 1963 cottonseed oil future?

Many economic factors in the commodity picture developed during the September-November period that had definite effect not only on cottonseed oil and soybean oil prices, but also on other important commodity price levels. The strength shown by the overall commodity price index was associated with Russia's entrance into the free markets of the world. The period was one in which commodity markets were highly stimulated on prospects of Russia buying commodities in which she was thought to be in short supply. Disappointment over the delay in any actual buying by Russia coming to the fore in November dampened price expectations in most commodities at that time.

The pattern of futures prices and cash prices in both oils was so closely aligned in the respective commodities and in relation to each other that no abnormality was apparent in the comparison of these prices. Actually, the price patterns of the two oils indicated that the markets were reflecting the weight of the supply of oils. Because Allied Crude's buying conformed closely to the economic climate prevailing and with the general price situation, it was not possible to isolate the effect of Allied Crude's individual futures markets operations upon price from that of the rest of the market.

It was considered, therefore, that the general market influences inflating the structure of all important commodity prices were the primary forces behind the commodity price movements prevailing during the period. In light of these factors, it is concluded that there were no artificial forces exerting undue influence upon cottonseed oil and soybean oil prices.

It is apparent from the size of the soybean oil market that Allied Crude was in no position to corner that market or to squeeze the shorts in the soybean oil futures market.

As of October 31, 1963, Allied Crude held a long position in cottonseed oil, cash and futures combined, of approximately 8,938 tank cars which represented only about 25 percent of the supply of cottonseed oil for the 1963-64 crop year. It, therefore, did not have a corner of the cottonseed oil market.

As of the same date, all persons holding short positions in the December 1963 cottonseed oil future on the New York Produce Exchange were in a position to satisfy their contracts either by delivering oil or by buying futures contracts from persons other than Allied Crude who held long positions in the futures markets. Consequently, Allied Crude did not have control over the December 1963 cottonseed oil future, and, therefore, was not in a position to squeeze the shorts.

In the fall of 1963 there were larger than normal supplies of both soybean oil and cottonseed oil and the prospect of a record soybean crop. In view of the supply and demand conditions existing at that time in the vegetable oil markets, it is not reasonable to believe that an oil firm as experienced as Allied Crude would attempt to corner the oil markets or attempt to manipulate oil futures prices during the season of peak availability of supply. In our analysis of Allied Crude's operations during this period, we found no evidence which would indicate that the firm built up its long positions in the futures markets for any such purpose.

APPENDIX TABLES

Cottonseed oil futures, New York Produce Exchange: Trades and deliveries of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 20, 1963

(Contracts of 60,000 pounds)

Date	Future														Total volume of trading	Trades of Allied Crude Vegetable Oil Refining Corporation as percent of total trading	
	1962 October				1962 December		1963 March		1963 May		1963 July		Total				
	Del.	Rec.	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold		Bought	Sold
1962																	
Oct. 1					9								9	-	59	15.3	-
2					6					6			6	6	211	2.8	2.8
3							24			13			-	37	290	-	12.8
4										5			-	5	414	-	1.2
5													-	-	368	-	-
8													-	-	52	-	-
9													-	-	144	-	-
10													-	-	310	-	-
11													-	-	272	-	-
12													-	-	336	-	-
15					41				8				49	-	390	12.6	-
16					5		5		7				17	-	334	5.1	-
17					34		9		10				53	-	196	27.0	-
18					1						1		1	1	164	.6	.6
19		8											-	-	129	-	-
22													-	-	412	-	-
23		10			116								116	-	1,002	11.6	-
24					2		15						17	-	457	3.7	-
25													-	-	284	-	-
26		40											-	-	541	-	-
29		16											-	-	225	-	-
30		22											-	-	176	-	-
31						20	12						12	20	242	5.0	8.3
Total		96			214	20	41	24	25	24		1	280	69	7,008	4.0	1.0
Nov. 1													-	-	284	-	-
2													-	-	460	-	-
5													-	-	203	-	-
7						6	2						2	6	269	0.7	2.2
8							79		5				84	-	351	23.9	-
9					94		30						124	-	357	34.7	-
12						30	15						15	30	243	6.2	12.3
13						34	19		28				47	34	427	11.0	8.0
14							3			3		10	3	13	333	.9	3.9
15						1			1			60	1	61	489	.2	12.5
16							25						25	-	372	6.7	-
19												16	-	16	286	-	5.6
20					26								26	-	207	12.6	-
21					50	22	63					25	113	47	363	31.1	12.9
23					64		21		16		29		130	-	213	61.0	-
26					15		24		10		5		54	-	254	21.3	-
27					108		6		4			21	118	21	527	22.4	4.0
28							15						15	-	270	5.6	-
29						19							-	19	445	-	4.3
30						10	12						12	10	294	4.1	3.4
Total					357	122	314		54	3	34	132	769	257	6,647	11.6	3.9

Continued

Cottonseed oil futures, New York Produce Exchange: Trades and deliveries of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 20, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future												Total volume of trading	Trades of Allied Crude Vegetable Oil Refining Corporation as percent of total trading	
	1962 December				1963 March		1963 May		1963 July		Total				
	Del.	Rec.	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold		Bought	Sold
1962															
Dec. 3				40							-	40	753	-	5.3
4		11		26	26						26	26	169	15.4	15.4
5				88							-	88	463	-	19.0
6				3							-	3	156	-	1.9
7		14		10	18		5				23	10	135	17.0	7.4
10		32		5	10		6				16	5	129	12.4	3.9
11		48			15		15				30	-	166	18.1	-
12		30									-	-	505	-	-
13											-	-	236	-	-
14		26		25							-	25	348	-	7.2
17		25			35			1		10	35	11	138	25.4	8.0
18								5			-	5	131	-	3.8
19		21									-	-	206	-	-
20		13									-	-	343	-	-
21		92									-	-	82	-	-
26		20									-	-	88	-	-
27		10									-	-	173	-	-
28											-	-	335	-	-
31		18									-	-	146	-	-
Total		360		197	104		26	6		10	130	213	4,702	2.8	4.5
1963															
Jan. 2					37			11		26	37	37	234	15.8	15.8
3											-	-	187	-	-
4					18					18	18	18	356	5.1	5.1
7							3				3	-	191	1.6	-
8											-	-	293	-	-
9					30					30	30	30	260	11.5	11.5
10					1					1	1	1	203	.5	.5
11					4					5	4	5	274	1.5	1.8
14											-	-	365	-	-
15											-	-	501	-	-
16											-	-	561	-	-
17											-	-	184	-	-
18											-	-	232	-	-
21											-	-	205	-	-
22						10					-	10	100	-	10.0
23						36					-	36	300	-	12.0
24											-	-	422	-	-
25						25					-	25	402	-	6.2
28						20					-	20	948	-	2.1
29						72		70	128		128	142	650	19.7	21.8
30											-	-	300	-	-
31											-	-	133	-	-
Total					90	163	3	81	128	80	221	324	7,301	3.0	4.4

Continued

Cottonseed oil futures, New York Produce Exchange: Trades and deliveries of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 20, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future																Total volume of trading	Trades of Allied Crude Vegetable Oil Refining Corporation as percent of total trading	
	1963 March				1963 May		1963 July		1963 Sept.		1963 Oct.		1963 Dec.		Total				
	Del.	Rec.	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold		Bought	Sold
1963																			
Feb. 1															-	-	125	-	-
4															-	-	151	-	-
5															-	-	185	-	-
6															-	-	297	-	-
7															-	-	307	-	-
8															-	-	354	-	-
11															-	-	277	-	-
12															-	-	350	-	-
13															-	-	398	-	-
14							62			8		9			62	17	337	16.0	4.4
15			8	184	59		53		8		5				133	184	513	25.9	35.9
18				73	82		24				4				110	73	430	25.6	17.0
19			7		6		10								23	-	249	9.2	-
20															-	-	127	-	-
21			553			548	60								613	548	1,475	41.5	37.1
25				12		83									-	95	408	-	23.3
26															-	-	368	-	-
27			23	60	696	23									719	83	2,058	68.0	7.8
28															-	-	377	-	-
Total			591	329	843	654	209		8	8	9	9			1,660	1,000	7,937	20.9	12.6
Mar. 1		140				51									-	51	194	-	26.3
4		87				10									-	38	221	-	4.5
5		381			159	32									159	32	551	28.9	5.8
6		8			1		5	3							6	3	458	1.3	.7
7						181		1							-	182	432	-	42.1
8		3													-	-	239	-	-
11						165									-	165	591	-	27.9
12		1				180									-	180	417	-	43.2
13		38													-	-	195	-	-
14			11		31		26			15					68	18	229	29.7	7.9
15				11	12					1					12	12	259	4.6	4.6
18					15		15								30	-	423	7.1	-
19					30		20								50	-	164	30.5	-
20					10		7								17	-	231	7.4	-
21		1			72				10						82	-	477	17.2	-
22					113										113	-	411	27.5	-
25					95										95	-	372	25.5	-
26					275		27		35						237	-	609	38.9	-
27					15		12		14						41	-	328	12.5	-
28						801		2		28		31		25	-	287	644	-	44.6
29					35	129		35				14			35	178	610	5.7	29.2
Total		659	11	11	763	949	112	41	59	47		45		25	945	1,118	8,055	11.7	13.9

Continued

Cottonseed oil futures, New York Produce Exchange: Trades and deliveries of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 20, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future														Total volume of trading	Trades of Allied Crude Vegetable Oil Refining Corporation as percent of total trading	
	1963 May				1963 July		1963 Sept.		1963 Oct.		1963 Dec.		Total				
	Del.	Rec.	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold		Bought	Sold
1963																	
Apr. 1			10		11								21	-	232	9.1	-
2			45		955		11						1,011	-	1,209	83.6	-
3			12		5			13		21		3	17	37	362	4.7	10.2
4			23			23							23	23	315	7.3	7.3
5			100		12			12					112	12	467	24.0	2.6
8			6										6	-	187	3.2	-
9			4		2								6	-	226	2.7	-
10			5		5								10	-	211	4.7	-
11			25		36								61	-	254	24.0	-
15			189		15	117	2		8		21	161	235	278	730	32.2	38.1
16			10						18		40		68	-	342	19.9	-
17			35		53				15		71		174	-	490	35.5	-
18			238								22		260	-	432	60.2	-
19			32						14		31		77	-	161	47.8	-
22			74						6	13	2	5	82	18	313	26.2	5.8
23			24						25		13		62	-	570	10.9	-
24			15										15	-	179	8.4	-
25			107	58									107	58	463	23.1	12.5
26				245	245		60						305	245	1,426	21.4	17.2
29					5								5	-	90	5.6	-
30					1								1	-	62	1.6	-
Total			954	303	1,345	140	73	25	86	34	200	169	2,658	671	8,721	30.5	7.7
May 1		286											-	-	156	-	-
2		47			350								350	-	541	64.7	-
3		10	1		22							6	23	6	112	20.5	5.4
6					5	25							5	25	112	4.5	22.3
7		9	33		86		20		18		12		169	-	321	52.6	-
8			3		5	5	20		1				29	5	112	25.9	4.5
9													-	-	114	-	-
10		19			19								19	-	354	5.4	-
13		187			187			32				12	187	44	391	47.8	11.3
14		26	8		52		22		17		5		104	-	191	54.5	-
15		4					4						4	-	162	2.5	-
16		25					37		16		20		73	-	227	32.2	-
17		4			5								5	-	76	6.6	-
20		1											-	-	79	-	-
21		117			18		3		2		4		27	-	146	18.5	-
22					12		6		3		7		27	-	162	16.7	-
23					1						1		2	-	77	2.6	-
24					4								4	-	56	7.1	-
27													-	-	146	-	-
28					3						1		4	-	170	2.4	-
29					10								10	-	131	7.6	-
31					25		10		10		10		55	-	229	24.0	-
Total		735	45		803	30	122	32	67		60	18	1,097	80	4,065	27.0	2.0

Continued

Cottonseed oil futures, New York Produce Exchange: Trades and deliveries of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 20, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future														Total volume of trading	Trades of Allied Crude Vegetable Oil Refining Corporation as percent of total trading	
	1963 July				1963 Sept.		1963 Oct.		1963 Dec.		1964 Mar.		Total				
	Del.	Rec.	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold		Bought	Sold
1963																	
June 3			5		5		4		4				18	-	82	22.0	-
4			7		13		8		4				32	-	110	29.1	-
5			28		28		35		32				123	-	254	48.4	-
6			26		11		25		25				87	-	193	45.1	-
7			7		6		6		6				25	-	53	47.2	-
10			3		3				3				9	-	75	12.0	-
11			40		2		1						43	-	121	35.5	-
12			29		1		7		4				41	-	131	31.3	-
13			32		30		20		27				109	-	246	44.3	-
14			84		29		19		19				151	-	398	37.9	-
17					35		17		15		14		81	-	199	40.7	-
18			12	211			135		120		20		287	211	691	41.5	30.5
19			21				2						23	-	95	24.2	-
20			7		29		12		15		10		73	-	236	30.9	-
21			71		11		15		5	11	3		105	11	355	29.6	3.1
24			20		10		9		6	2			45	2	198	22.7	1.0
25			121	2,139	1	164	6	27	6	426			134	2,756	3,291	4.1	83.7
26			76	5			4			62	7		87	67	517	16.8	13.0
27			29										29	-	193	15.0	-
28			2										2	-	175	1.1	-
Total			620	2,355	214	164	325	27	291	501	54	-	1,504	3,047	7,613	19.8	40.0
July 1		277	28		1,870		20		10	31			1,928	31	2,184	88.3	1.4
2		25			15								15	-	224	6.7	-
3			48		75		37		27	6	26		213	6	359	59.3	1.7
5		38	2		40		3		1	10	8		52	10	122	42.6	8.2
8		31			64		10		28			1	102	1	182	56.0	.5
9		8			9					1			9	1	64	14.1	1.5
10		2	5		643		11		15		1		675	-	880	76.7	-
11			5		51				30	3	2		88	3	187	47.1	1.6
12		5		30	55				10				65	30	231	23.1	13.0
15		70			75				46	5			121	5	484	25.0	1.0
16		4			19				2				21	-	136	15.4	-
17					32				48				80	-	370	21.6	-
18		17			90	15	25	15	63	15			178	45	325	54.8	13.8
19		44			48		1		1				50	-	114	43.9	-
22					10	1	13	5	13	10	1		37	16	124	29.8	12.9
23						20							-	20	98	-	20.4
24					1					1			1	1	65	1.5	1.5
25					45		5		5	51	5		60	51	218	27.5	23.4
26					46			20		30		18	46	68	383	12.0	17.8
29					1							1	1	1	123	.8	.8
30					37					27		11	37	38	231	16.0	16.5
31					619	600			1				620	600	1,291	48.0	46.5
Total		521	88	30	3,845	636	123	40	300	190	43	31	4,399	927	8,395	52.4	11.0

Continued

Cottonseed oil futures, New York Produce Exchange: Trades and deliveries of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 20, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future														Total volume of trading	Trades of Allied Crude Vegetable Oil Refining Corporation as percent of total trading	
	1963 September				1963 Oct.		1963 Dec.		1964 Mar.		1964 May		Total				
	Del.	Rec.	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold		Bought	Sold
1963																	
Aug. 1			1	75			26		30				57	75	229	24.9	32.8
2			379	415			34		43				456	415	973	46.9	42.7
5				63			43		27				70	63	202	34.7	31.2
6			26	472	1		58		71				156	472	703	22.2	67.1
7			21	5	10	13	8		8				47	18	176	26.7	10.2
8				8	100		194		135				429	8	581	73.8	1.4
9			17		20		21		25				83	-	259	32.0	-
12			3	143	3		3		1				10	143	319	3.1	44.8
13			174	31	4		19		13				210	31	383	54.8	8.1
14			33	82	3		5		2				43	82	253	17.0	32.4
15			18	61	1		13		2				34	61	206	16.5	29.6
16			46	3	88	4	48	2	7				189	9	344	54.9	2.6
19			17	4	20		21		10				68	4	395	17.2	1.0
20			9	7			26	1	25				60	8	382	15.7	2.1
21			7	3	41								48	3	234	20.5	1.3
22			7	6	1		36		35				79	6	242	32.6	2.5
23			4	1,000	1		1,000		25				1,030	1,000	2,142	48.1	46.7
26				234	1,037	186		364					1,037	784	1,894	54.8	41.4
27				1,559	761		37						798	1,559	3,200	24.9	48.7
28			7	7	32								39	7	216	18.1	3.2
29			23	27	605		6						634	27	772	82.2	3.5
30			27		71		58		3				159	-	306	52.0	-
Total			819	4,205	2,799	203	1,656	367	462				5,736	4,775	14,410	39.8	33.1
Sept. 3			6		962		19	639	1				988	639	1,738	56.8	36.8
4					12		12		10				34	-	254	13.4	-
5			1	29	11	45	9						21	74	188	11.2	39.4
6		1			15		10		10				35	-	202	17.3	-
9					16	20	5		9				30	20	132	22.7	15.2
10													-	-	174	-	-
11				1	65		6	10		32			71	43	387	18.3	11.1
12					10				10				20	-	338	5.9	-
13			1		10	9	10	16	16	3			37	28	364	10.2	7.7
16						11	49	26	61				110	37	407	27.0	9.1
17					201	98	63		26				290	98	679	42.7	14.4
18						683	1,095	32	149				1,244	715	2,242	55.5	31.9
19					20	50			50				70	50	268	26.1	18.7
20					5	4	1	8					6	12	386	1.6	3.1
23					5	18	15	1					20	19	220	9.1	8.6
24					38	70	34		21				93	70	346	26.9	20.2
25						314	240		42				282	314	949	29.7	33.1
26					109	2,605	217		106		107		539	2,605	3,472	15.5	75.0
27					15		5				4		24	-	373	6.4	-
30					65		2,515	1	8	6	5	5	2,593	12	2,872	90.3	.4
Total		1	8	30	1,559	3,927	4,305	733	519	41	116	5	6,507	4,736	15,991	40.7	29.6

Continued

Cottonseed oil futures, New York Produce Exchange: Trades and deliveries of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 20, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future														Total volume of trading	Trades of Allied Crude Vegetable Oil Refining Corporation as percent of total trading	
	1963 October				1963 Dec.		1964 Mar.		1964 May		1964 July		Total				
	Del.	Rec.	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold		Bought	Sold
1963																	
Oct. 1		522	21		36	54	10	35	12	27			79	116	470	16.8	24.7
2		3	5		549		40		30				624	-	747	83.5	-
3		19			35		20		20				75	-	348	21.6	-
4		29	54	1	54	200	30		30				168	201	663	25.3	30.3
7		5	5	26	4	25	5		6	1			20	52	388	5.2	13.4
8			13	21	41	201	58		20				172	222	795	21.6	27.9
9				39	26		39		78				143	39	572	25.0	6.8
10					101		39		35				175	-	458	38.2	-
11					98		162		156				416	-	980	42.4	-
14		1		110	208	198	126	226	110	109			444	643	858	51.7	74.9
15					24		42		30				96	-	547	17.6	-
16		5					105		95				200	-	428	46.7	-
17					15	32	25	7	27				67	39	342	19.6	11.4
18					8		71	10	26				105	10	337	31.2	3.0
21					195	2	12		41				248	2	377	65.8	.5
22					4		31	1	14				49	1	2,661	1.8	1/
23					5	16	46	4	37				88	20	233	37.8	8.6
24					57	223	293	29	27	1			377	253	755	49.9	33.5
25					59		54		32				145	-	542	26.8	-
28					38	14	33	15	42				113	29	314	36.0	9.2
29					49		45		39				133	-	305	43.6	-
30					251	200	198	10	177				626	210	1,071	58.5	19.6
31					316	362	35		8				359	362	1,262	28.4	28.7
Total		584	98	197	2,173	1,527	1,559	337	1,092	138			4,922	2,199	15,453	31.9	14.2
Nov. 1					5		112	25	83				200	25	580	34.5	4.3
4							88		32				120	-	191	62.8	-
5					42		149		90				281	-	717	39.2	-
6					10		137		119				266	-	626	42.5	-
7						51	73		22				95	51	594	16.0	8.6
8						33	87	74	34				121	107	495	24.4	21.6
11					10		76	4	112				198	4	547	36.2	.7
12					113	124	376	5	115	5		45	604	179	1,140	53.0	15.7
13							15	77	67	3			82	80	336	24.4	23.8
14					12	2,510	2,519	56	66				2,597	2,566	5,541	46.9	46.3
15					25	516	544		3				572	516	2,004	28.5	25.7
18													-	-	1,070	-	-
19						11		39		23			-	73	216	-	33.8
20						2,417		6,124		1,777	45		45	10,318	11,344	.4	91.0
Total					217	5,662	4,176	6,404	743	1,808	45	45	5,181	13,919	25,401	20.4	54.8

1/ Less than 0.05 percent.

Cottonseed oil futures, New York Produce Exchange: Exchanges of futures for cash reported by Allied Crude Vegetable Oil Refining Corporation, October 1, 1962 - November 20, 1963

(Contracts of 60,000 pounds)

Date	Future																	
	1963 May		1963 July		1963 Sept.		1963 Oct.		1963 Dec.		1964 Mar.		1964 May		1964 July		Total	
	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold
	No exchanges of futures for cash reported by Allied Crude, October 1962 through January 1963																	
1963																		
Feb. 27	696	-															696	-
Total-Allied Crude	696	-															696	-
Total monthly volume of trading	2,847																7,937	
Allied Crude as percent of total	24.4	-															8.8	-
	No exchanges of futures for cash reported by Allied Crude, March 1963																	
Apr. 2			936	-													936	-
Total-Allied Crude			936	-													936	-
Total monthly volume of trading			3,297														8,721	
Allied Crude as percent of total			28.4	-													10.7	-
May 2			350	-													350	-
6			-	25													-	25
7			9	-													9	-
10			19	-													19	-
13			187	-													187	-
14			26	-													26	-
15					4	-											4	-
Total-Allied Crude			591	25	4												595	25
Total monthly volume of trading			2,119		566												4,065	
Allied Crude as percent of total			27.9	1.2	.7	-											14.6	.6
June 25			-	2,093	-	40											-	2,133
Total-Allied Crude			-	2,093	-	40											-	2,133
Total monthly volume of trading			4,391		924												7,613	
Allied Crude as percent of total			-	47.7	-	4.3											-	28.0
July 1					1,835	-											1,835	-
3					25	-											25	-
5					38	-											38	-
8					31	-											31	-
9					8	-											8	-
10					623	-											623	-
12					5	-											5	-
15					70	-											70	-
16					4	-											4	-
18					17	-											17	-
19					44	-											44	-
23					-	20											-	20
31					600	600											600	600
Total-Allied Crude					3,300	620											3,300	620
Total monthly volume of trading					5,325												8,395	
Allied Crude as percent of total					62.0	11.6											39.3	7.4
Aug. 2					375	375											375	375
6					-	460											-	460
8							100	-									100	-
12					-	143											-	143
13					143	-											143	-
14					-	82											-	82
15					-	61											-	61
16							86	-									86	-
23					-	1,000			1,000								1,000	1,000
26					-	202	1,000	186	-	361							1,000	749
27					-	875											-	875
29							567	-									567	-
Total-Allied Crude					518	3,198	1,753	186	1,000	361							3,271	3,745
Total monthly volume of trading					5,856		3,928		3,334								14,410	
Allied Crude as percent of total					8.8	54.6	44.6	4.7	30.0	10.8							22.7	26.0
Sept. 3							947	-	-	639							947	639
5							-	40									-	40
9							-	20									-	20
17							200	-									200	-
18									500	-	100	-					600	-
26							-	2,454									-	2,454
30									2,454	-							2,454	-
Total-Allied Crude							1,147	2,514	2,954	639	100	-					4,201	3,153
Total monthly volume of trading							6,474		7,049		1,836						15,991	
Allied Crude as percent of total							17.7	38.8	41.9	9.1	5.4	-					26.3	19.7

Continued

Cottonseed oil futures, New York Produce Exchange: Exchanges of futures for cash reported by Allied Crude Vegetable Oil Refining Corporation, October 1, 1962 - November 20, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future																	
	1963 May		1963 July		1963 Sept.		1963 Oct.		1963 Dec.		1964 Mar.		1964 May		1964 July		Total	
	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold
1963																		
Oct. 2									520	-							520	-
10									56	-							56	-
17									-	32							-	32
28									-	4							-	4
30									200	200							200	200
31									316	316							316	316
Total-Allied Crude									1,092	552							1,092	552
Total monthly volume of trading									8,549								15,453	
Allied Crude as percent of total									12.8	6.5							7.1	3.6
Nov. 12									-	124	-	5	-	5	-	45	-	179
14									-	2,510	2,510	-					2,510	2,510
15									-	516	516	-					516	516
Total-Allied Crude									-	3,150	3,026	5	-	5	-	45	3,026	3,205
Total volume of trading, Nov. 1-20									7,304		13,305		4,164		543		25,401	
Allied Crude as percent of total									-	43.1	22.7	1/	-	.1	-	8.3	11.9	12.6

1/ Less than 0.05 percent.

Cottonseed oil futures, New York Produce Exchange: Positions of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 2[illegible], 1963

(Contracts of 60,000 pounds)

Date	Future												Total open contracts	Positions of Allied Crude Vegetable Oil Refining Corporation as percent of total open contracts	
	1962 October		1962 December		1963 March		1963 May		1963 July		Total				
	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short		Long	Short
1962															
Oct. 1	96		137		35		32		1		301	-	3,428	8.8	-
2	96		143		35		26		1		301	-	3,448	8.7	-
3	96		143		11		13		1		264	-	3,454	7.6	-
4	96		143		11		8		1		259	-	3,488	7.4	-
5	96		143		11		8		1		259	-	3,485	7.4	-
8	96		143		11		8		1		259	-	3,504	7.4	-
9	96		143		11		8		1		259	-	3,515	7.4	-
10	96		143		11		8		1		259	-	3,523	7.4	-
11	96		143		11		8		1		259	-	3,503	7.4	-
12	96		143		11		8		1		259	-	3,569	7.3	-
15	96		184		11		16		1		308	-	3,650	8.4	-
16	96		189		16		23		1		325	-	3,685	8.8	-
17	96		223		25		33		1		378	-	3,703	10.2	-
18	96		224		25		33		-		378	-	3,714	10.2	-
19	88		224		25		33				370	-	3,678	10.1	-
22	88		224		25		33				370	-	3,706	10.0	-
23	78		340		25		33				476	-	3,603	13.2	-
24	78		342		40		33				493	-	3,611	13.7	-
25	78		342		40		33				493	-	3,595	13.7	-
26	38		342		40		33				453	-	3,457	13.1	-
29	22		342		40		33				437	-	3,487	12.5	-
30	-		342		40		33				415	-	3,[illegible]	12.0	-
31			322		52		33				407	-	3,533	11.5	-
Nov. 1			322		52		33				407	-	3,502	11.6	-
2			322		52		33				407	-	3,489	11.7	-
5			322		52		33				407	-	3,474	11.7	-
7			316		54		33				403	-	3,505	11.5	-
8			316		133		38				487	-	3,631	13.4	-
9			410		163		38				611	-	3,709	16.5	-
12			380		178		38				596	-	3,718	16.0	-
13			346		197		66				609	-	3,770	16.2	-
14			346		200		63			10	609	10	3,873	15.7	0.3
15			345		200		64			70	609	70	3,952	15.4	1.8
16			345		225		64			70	634	70	3,995	15.9	1.8
19			345		225		64			86	634	86	4,068	15.6	2.1
20			371		225		64			86	660	86	4,146	15.9	2.1
21			399		288		64			111	751	111	4,252	17.7	2.6
23			463		309		80			82	852	82	4,373	19.5	1.9
26			478		333		90			77	901	77	4,403	20.5	1.7
27			586		339		94			98	1,019	98	4,467	22.8	2.2
28			586		354		94			98	1,034	98	4,534	22.8	2.2
29			567		354		94			98	1,015	98	4,595	22.1	2.1
30			557		366		94			98	1,017	98	4,629	22.0	2.1

Continued

Cottonseed oil futures, New York Produce Exchange: Positions of Allied Crude Vegetable Oil Refining Corporation, by futures, daily, October 1, 1962 - November 20, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future										Total open contracts	Positions of Allied Crude Vegetable Oil Refining Corporation as percent of total open contracts	
	1962 December		1963 March		1963 May		1963 July		Total				
	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short		Long	Short
1962													
Dec. 3	517		366		94			98	977	98	4,487	21.8	2.2
4	480		392		94			98	966	98	4,377	22.1	2.2
5	392		392		94			98	878	98	4,409	19.9	2.2
6	389		392		94			98	875	98	4,416	19.8	2.2
7	365		410		99			98	874	98	4,415	19.8	2.2
10	328		420		105			98	853	98	4,417	19.3	2.2
11	280		435		120			98	835	98	4,415	18.9	2.2
12	250		435		120			98	805	98	4,448	18.1	2.2
13	250		435		120			98	805	98	4,458	18.1	2.2
14	199		435		120			98	754	98	4,430	17.0	2.2
17	174		470		119			108	763	108	4,471	17.1	2.4
18	174		470		117	3		108	761	111	4,508	16.9	2.5
19	153		470		117	3		108	740	111	4,543	16.3	2.4
20	140		470		117	3		108	727	111	4,517	16.1	2.5
21	48		470		117	3		108	635	111	4,419	14.4	2.5
26	28		470		117	3		108	615	111	4,402	14.0	2.5
27	18		470		117	3		108	605	111	4,429	13.7	2.5
28	18		470		117	3		108	605	111	4,528	13.4	2.5
31	-		470		117	3		108	587	111	4,512	13.0	2.5
1963													
Jan. 2			507		106	3		134	613	137	4,518	13.6	3.0
3			507		106	3		134	613	137	4,603	13.3	3.0
4			525		106	3		152	631	155	4,651	13.6	3.3
7			525		106	-		152	631	152	4,716	13.4	3.2
8			525		106			152	631	152	4,778	13.2	3.2
9			555		106			182	661	182	4,908	13.5	3.7
10			556		106			183	662	183	5,026	13.2	3.6
11			560		106			188	666	188	5,075	13.1	3.7
14			560		106			188	666	188	5,147	12.9	3.7
15			560		106			188	666	188	5,193	12.8	3.6
16			560		106			188	666	188	5,198	12.8	3.6
17			560		106			188	666	188	5,235	12.7	3.6
18			560		106			188	666	188	5,243	12.7	3.6
21			560		106			188	666	188	5,326	12.5	3.5
22			550		106			188	656	188	5,355	12.3	3.5
23			514		106			188	620	188	5,400	11.5	3.5
24			514		106			188	620	188	5,485	11.3	3.4
25			489		106			188	595	188	5,556	10.7	3.4
28			469		106			188	575	188	5,557	10.3	3.4
29			397		36			60	433	60	5,532	7.8	1.1
30			397		36			60	433	60	5,611	7.7	1.1
31			397		36			60	433	60	5,624	7.7	1.1

Cottonseed oil futures, New York Produce Exchange: Positions of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 20, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future												Total		Total open contracts	Positions of Allied Crude Vegetable Oil Refining Corporation as percent of total open contracts	
	1963 March		1963 May		1963 July		1963 Sept.		1963 Oct.		1963 Dec.						
	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short		Long	Short
1963																	
Feb. 1	397		36			60							433	60	5,637	7.7	1.1
4	397		36			60							433	60	5,663	7.6	1.1
5	397		36			60							433	60	5,689	7.6	1.1
6	397		36			60							433	60	5,746	7.5	1.0
7	397		36			60							433	60	5,762	7.5	1.0
8	397		36			60							433	60	5,784	7.5	1.0
11	397		36			60							433	60	5,842	7.4	1.0
12	397		36			60							433	60	5,908	7.3	1.0
13	397		36			60							433	60	5,896	7.3	1.0
14	397		36		62	60		8		9			495	77	5,944	8.3	1.3
15	221		95		115	60		-		4			431	64	5,904	7.3	1.1
18	148		177		139	60				-			464	60	5,931	7.8	1.0
19	155		183		149	60							487	60	6,056	8.0	1.0
20	155		183		149	60							487	60	6,054	8.0	1.0
21	708		-	365	149	-							857	365	6,506	13.2	5.6
25	696			448	149								845	448	6,437	13.1	7.0
26	696			448	149								845	448	6,472	13.1	6.9
27	659		225	-	149								1,033	-	6,743	15.3	-
28	659		225		149								1,033	-	6,718	15.4	-
Mar. 1	519		174		149								842	-	6,471	13.0	-
4	432		164		149								745	-	6,395	11.6	-
5	51		291		149								491	-	6,189	7.9	-
6	43		292		151								486	-	6,230	7.8	-
7	43		111		150								304	-	6,001	5.1	-
8	40		111		150								301	-	6,029	5.0	-
11	40		-	54	150								190	54	6,014	3.2	0.9
12	39			234	150								189	234	6,030	3.1	3.9
13	1			234	150								151	234	6,031	2.5	3.9
14	12			203	176			18					188	221	6,066	3.1	3.6
15	1			191	176			19					177	210	6,161	2.9	3.4
18	1			176	191			19					192	195	6,129	3.1	3.2
19	1			146	211			19					212	165	6,125	3.5	2.7
20	1			136	218			19					219	155	6,121	3.6	2.5
21	-			64	218			9					218	73	6,104	3.6	1.2
22			49	-	218			9					267	9	6,062	4.4	.1
25			144		218			9					362	9	6,114	5.9	.1
26			319		245		26	-					590	-	6,209	9.5	-
27			334		257		40						631	-	6,255	10.1	-
28			133		255		12			31		25	400	56	6,303	6.3	.9
29			39		220		12			45		25	271	70	6,312	4.3	1.1

Continued

Cottonseed oil futures, New York Produce Exchange: Positions of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 20, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future												Total open contracts	Positions of Allied Crude Vegetable Oil Refining Corporation as percent of total open contracts	
	1963 May		1963 July		1963 Sept.		1963 Oct.		1963 Dec.		Total				
	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short		Long	Short
1963															
Apr. 1	49		231		12			45		25	292	70	6,301	4.6	1.1
2	94		1,186		23			45		25	1,303	70	7,359	17.7	1.0
3	106		1,191		10			66		28	1,307	94	7,408	17.6	1.3
4	129		1,168		10			66		28	1,307	94	7,401	17.7	1.3
5	229		1,180		-			66		28	1,409	96	7,346	19.2	1.3
8	235		1,180			2		66		28	1,415	96	7,331	19.3	1.3
9	239		1,182			2		66		28	1,421	96	7,313	19.4	1.3
10	244		1,187			2		66		28	1,431	96	7,320	19.5	1.3
11	269		1,223			2		66		28	1,492	96	7,298	20.4	1.3
15	458		1,121			-		58		168	1,579	226	7,058	22.4	3.2
16	468		1,121					40		128	1,589	168	6,973	22.8	2.4
17	503		1,174					25		57	1,677	82	6,92-	24.2	1.2
18	741		1,174					25		35	1,915	60	6,839	27.8	.9
19	773		1,174					11		4	1,947	15	6,891	28.3	.2
22	847		1,174					18		7	2,021	25	6,895	29.3	.4
23	871		1,174				7	-	6	-	2,058	-	6,778	30.4	-
24	886		1,174				7		6		2,073	-	6,737	30.8	-
25	935		1,174				7		6		2,122	-	6,818	31.1	-
26	690		1,419		60		7		6		2,182	-	6,881	31.7	-
29	690		1,424		60		7		6		2,187	-	6,903	31.7	-
30	690		1,425		60		7		6		2,188	-	6,926	31.6	-
May 1	404		1,425		60		7		6		1,902	-	6,544	29.1	-
2	357		1,775		60		7		6		2,205	-	6,652	32.2	-
3	348		1,797		60		7		-		2,212	-	6,853	32.3	-
6	348		1,777		60		7				2,192	-	6,835	32.1	-
7	372		1,863		80		25		12		2,352	-	6,964	33.8	-
8	375		1,863		100		26		12		2,376	-	6,970	34.1	-
9	375		1,863		100		26		12		2,376	-	6,955	34.2	-
10	356		1,882		100		26		12		2,376	-	6,889	34.5	-
13	169		2,069		68		26		-		2,332	-	6,814	34.2	-
14	151		2,121		90		43		5		2,410	-	6,842	35.2	-
15	147		2,121		94		43		5		2,410	-	6,789	35.5	-
16	122		2,121		131		59		25		2,458	-	6,856	35.9	-
17	118		2,126		131		59		25		2,459	-	6,839	36.0	-
20	117		2,126		131		59		25		2,458	-	6,814	36.1	-
21	-		2,144		134		61		29		2,358	-	6,642	35.7	-
22			2,155		140		64		36		2,395	-	6,592	36.3	-
23			2,156		140		64		37		2,397	-	6,582	36.4	-
24			2,160		140		64		37		2,401	-	6,570	36.5	-
27			2,160		140		64		37		2,401	-	6,520	36.8	-
28			2,163		140		64		38		2,405	-	6,511	36.9	-
29			2,173		140		64		38		2,415	-	6,475	37.3	-
31			2,198		150		74		48		2,470	-	6,449	38.3	-

Continued

Cottonseed oil futures, New York Produce Exchange: Positions of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 20, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future												Total open contracts	Positions of Allied Crude Vegetable Oil Refining Corporation as percent of total open contracts	
	1963 July		1963 Sept.		1963 Oct.		1963 Dec.		1964 Mar.		Total				
	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short		Long	Short
1963															
June 3	2,203		155		78		52				2,488	-	6,463	38.5	-
4	2,210		168		86		56				2,520	-	6,462	39.0	
5	2,238		196		121		88				2,643	-	6,554	40.3	
6	2,264		207		146		113				2,730	-	6,653	41.0	-
7	2,271		213		152		119				2,755	-	6,664	41.3	-
10	2,274		216		152		122				2,764	-	6,656	41.5	-
11	2,314		218		153		122				2,807	-	6,673	42.1	-
12	2,343		219		160		126				2,848	-	6,658	42.8	-
13	2,375		249		180		153				2,957	-	6,733	43.9	-
14	2,459		278		199		172				3,108	-	6,810	45.6	-
17	2,459		313		216		187		14		3,189	-	6,798	46.9	-
18	2,260		313		351		307		34		3,265	-	6,801	48.0	-
19	2,281		313		353		307		34		3,283	-	6,780	48.5	-
20	2,288		342		365		322		44		3,361	-	6,775	49.6	-
21	2,359		353		380		327	11	47		3,466	11	6,768	51.2	0.2
24	2,379		363		389		333	13	47		3,511	13	6,744	52.1	.2
25	361		200		368		38	138	47		1,014	138	4,196	24.2	3.3
26	432		200		372		38	200	54		1,096	200	4,170	26.3	4.8
27	461		200		372		38	200	54		1,125	200	4,180	26.9	4.8
28	463		200		372		38	200	54		1,127	200	4,090	27.6	4.9
July 1	214		2,070		392		38	221	54		2,768	221	5,654	49.0	3.9
2	189		2,085		392		38	221	54		2,758	221	5,613	49.1	3.9
3	237		2,150		429		38	200	80		2,944	200	5,729	51.4	3.5
5	201		2,200		430		38	209	88		2,957	209	5,749	51.4	3.6
8	170		2,264		440		38	181	87		2,999	181	5,764	52.0	3.1
9	162		2,273		440		38	182	87		3,000	182	5,787	51.8	3.1
10	165		2,916		451		38	167	88		3,658	167	6,439	56.8	2.6
11	170		2,967		451		38	140	90		3,716	140	6,431	57.8	2.2
12	135		3,022		451		38	130	90		3,736	130	6,416	58.2	2.0
15	65		3,097		451		38	89	90		3,741	89	6,329	59.1	1.4
16	61		3,116		451		38	87	90		3,756	87	6,320	59.4	1.4
17	61		3,148		451		38	39	90		3,788	39	6,268	60.4	.6
18	44		3,223		461		48	1	90		3,866	1	6,304	61.3	1/
19	-		3,271		462		48	-	90		3,871	-	6,297	61.5	-
22			3,280		470		51		91		3,892	-	6,302	61.8	-
23			3,260		470		51		91		3,872	-	6,274	61.7	-
24			3,261		470		50		91		3,872	-	6,305	61.4	-
25			3,306		475		53	49	96		3,930	49	6,385	61.6	.8
26			3,352		455		53	79	78		3,938	79	6,462	60.9	1.2
29			3,353		455		53	79	77		3,938	79	6,510	60.5	1.2
30			3,390		455		53	106	66		3,964	106	6,605	60.0	1.6
31			3,409		455		53	105	66		3,983	105	6,595	60.4	1.6

Continued

Cottonseed oil futures, New York Produce Exchange: Positions of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 20, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future												Total open contracts	Positions of Allied Crude Vegetable Oil Refining Corporation as percent of total open contracts	
	1963 Sept.		1963 Oct.		1963 Dec.		1964 Mar.		1964 May		Total				
	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short		Long	Short
1963															
Aug. 1	3,335		455		53	79	96				3,939	79	6,521	59.5	1.2
2	3,299		455		52	45	139				3,946	45	6,630	59.5	.7
5	3,236		455		53	2	166				3,910	2	6,678	58.6	1/
6	2,790		456		109	-	237				3,592	-	6,347	56.6	-
7	2,806		453		117		245				3,621	-	6,366	56.9	-
8	2,798		553		311		380				4,042	-	6,805	59.4	-
9	2,815		573		332		405				4,125	-	6,878	60.0	-
12	2,675		576		335		406				3,992	-	6,748	59.2	-
13	2,818		580		354		419				4,171	-	6,912	60.3	-
14	2,769		583		359		421				4,132	-	6,869	60.2	-
15	2,726		584		372		423				4,105	-	6,811	60.3	-
16	2,769		568		418		430				4,285	-	6,992	61.3	-
19	2,782		638		439		440				4,349	-	7,159	60.7	-
20	2,784		688		464		465				4,401	-	7,360	59.8	-
21	2,788		729		464		465				4,446	-	7,424	59.9	-
22	2,789		730		500		500				4,519	-	7,479	60.4	-
23	1,793		731		1,500		525				4,549	-	7,499	60.7	-
26	1,559		1,582		1,136		525				4,802	-	7,744	62.0	-
27	-		2,343		1,173		525				4,041	-	7,200	56.1	-
28			2,375		1,173		525				4,073	-	7,256	56.1	-
29		4	2,980		1,179		525				4,684	4	7,851	59.7	.1
30	23	-	3,051		1,237		528				4,839	-	7,995	60.5	-
Sept. 3	29		4,013		617		529				5,188	-	8,348	62.1	-
4	29		4,025		629		539				5,222	-	8,160	64.0	-
5	1		3,991		638		539				5,169	-	8,104	63.8	-
6	-		4,006		648		549				5,203	-	8,127	64.0	-
9			4,002		653		558				5,213	-	8,142	64.0	-
10			4,002		653		558				5,213	-	8,107	64.3	-
11		1	4,067		649		533	7			5,249	8	8,090	64.9	0.1
12		1	4,077		649		536	-			5,262	1	8,108	64.9	1/
13		-	4,078		643		549				5,270	-	8,121	64.9	-
16			4,067		666		610				5,343	-	8,052	66.4	-
17			4,170		729		636				5,535	-	7,966	69.5	-
18			3,487		1,792		785				6,064	-	7,760	78.1	-
19			3,457		1,792		835				6,084	-	7,802	78.0	-
20			3,458		1,785		835				6,078	-	7,769	78.2	-
23			3,445		1,799		835				6,079	-	7,725	78.7	-
24			3,413		1,833		856				6,102	-	7,771	78.5	-
25			3,099		2,073		898				6,070	-	7,760	78.2	-
26			603		2,290		1,004		107		4,004	-	5,505	72.7	-
27			618		2,295		1,004		111		4,028	-	5,660	71.2	-
30			683		4,809		1,006		111		6,609	-	8,197	80.6	-

Continued

Cottonseed oil futures, New York Produce Exchange: Positions of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 20, 1963 --Continued

(Contracts of 60,000 pounds)

Date	Future												Total open contracts	Positions of Allied Crude Vegetable Oil Refining Corporation as percent of total open contracts	
	1963 Oct.		1963 Dec.		1964 Mar.		1964 May		1964 July		Total				
	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short		Long	Short
1963															
Oct. 1	182		4,781		981		96				6,040	-	7,598	79.5	-
2	184		5,330		1,021		126				6,661	-	8,135	81.9	-
3	165		5,365		1,041		146				6,717	-	8,191	82.0	-
4	189		5,219		1,071		176				6,655	-	8,270	80.5	-
7	163		5,198		1,076		181				6,618	-	8,140	81.3	-
8	155		5,038		1,174		201				6,568	-	8,168	80.4	-
9	116		5,064		1,213		279				6,672	-	8,289	80.5	-
10	116		5,165		1,252		314				6,847	-	8,400	81.5	-
11	116		5,263		1,414		470				7,263	-	8,972	81.0	-
14	5		5,273		1,314		471				7,063	-	9,106	77.6	-
15	5		5,297		1,356		501				7,159	-	9,108	78.6	-
16	-		5,297		1,461		596				7,354	-	9,273	79.3	-
17			5,280		1,479		623				7,382	-	9,346	79.0	-
18			5,288		1,540		649				7,477	-	9,397	79.6	-
21			5,481		1,552		690				7,723	-	9,611	80.4	-
22			5,485		1,582		704				7,771	-	9,656	80.5	-
23			5,474		1,624		741				7,839	-	9,657	81.2	-
24			5,308		1,888		767				7,963	-	9,725	81.9	-
25			5,367		1,942		799				8,108	-	9,811	82.6	-
28			5,391		1,960		841				8,192	-	9,844	83.2	-
29			5,440		2,005		880				8,325	-	9,927	83.9	-
30			5,491		2,193		1,057				8,741	-	10,134	86.3	-
31			5,445		2,228		1,065				8,738	-	10,072	86.8	-
Nov. 1			5,450		2,315		1,148				8,913	-	10,214	87.3	-
4			5,450		2,403		1,180				9,033	-	10,265	88.0	-
5			5,492		2,552		1,270				9,314	-	10,486	88.8	-
6			5,502		2,689		1,389				9,580	-	10,543	90.9	-
7			5,451		2,762		1,411				9,624	-	10,604	90.8	-
8			5,418		2,775		1,445				9,638	-	10,654	90.5	-
11			5,428		2,847		1,557				9,832	-	10,764	91.3	-
12			5,417		3,218		1,667		45	10,302		45	11,118	92.7	0.4
13			5,417		3,156		1,731		45	10,304		45	11,115	92.5	.4
14			2,919		5,619		1,797		45	10,335		45	11,242	91.9	.4
15			2,428		6,163		1,800		45	10,391		45	11,814	88.0	.4
18			2,428		6,163		1,800		45	10,391		45	11,412	91.1	.4
19			2,417		6,124		1,777		45	10,318		45	11,309	91.2	.4
20			-		-		-		-	-		-	-	-	-

1/ Less than 0.05 percent.

Soybean oil futures, Chicago Board of Trade: Trades and deliveries of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 22, 1963

(Contracts of 60,000 pounds)

Date	Future																Total volume of trading	Trades of Allied Crude Vegetable Oil Refining Corporation as percent of total trading	
	1962 October				1962 December		1963 January		1963 March		1963 May		1963 July		Total				
	Delivered	Received	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold		Bought	Sold
1962																			
Oct. 1															-	-	1,402	-	-
2			38	63	65	65									103	128	1,032	10.0	12.4
3															-	-	1,733	-	-
4			72	72											72	72	1,575	4.6	4.6
5			50		50	16	17		68						185	16	1,466	12.6	1.1
8			37	60	50	50									87	110	799	10.9	13.8
9															-	-	869	-	-
10			50	20	50										100	20	2,175	4.6	.9
11			20												20	-	2,860	.7	-
12				4					479			479			479	483	2,058	23.3	23.5
15		20			100										100	-	1,285	7.8	-
16		44			10	60									10	60	1,866	.5	3.2
17		9			58	30									58	30	1,694	3.4	1.8
18															-	-	1,267	-	-
19					166							116			166	116	1,233	13.5	9.4
22					50							50			50	50	2,055	2.4	2.4
23															-	-	3,141	-	-
24					367	160						58			367	218	3,287	11.2	6.6
25															-	-	1,951	-	-
26					190	180	10			479	479				679	659	3,998	17.0	16.5
29						11	11								11	11	1,871	.6	.6
30															-	-	2,035	-	-
31															-	-	1,445	-	-
Total		73	267	219	1,156	572	38		547	479	479	703			2,487	1,973	43,187	5.8	4.6
Nov. 1															-	-	1,730	-	-
2											10				10	-	1,955	.5	-
5															-	-	835	-	-
7															-	-	1,288	-	-
8									53		40				93	-	1,528	5.9	-
9						25			100						100	25	1,367	7.3	1.8
12															-	-	976	-	-
13															-	-	930	-	-
14															-	-	1,022	-	-
15															-	-	1,635	-	-
16					50	20	59	30	20						129	50	1,713	7.5	2.9
19										40					-	40	1,072	-	3.7
20					15				4						19	-	1,258	1.5	-
21						55			40	12					40	67	1,023	3.9	6.5
23					45				91					41	136	41	785	17.3	5.2
26															-	-	1,052	-	-
27						10	10								10	10	773	1.3	1.3
28						489			489						489	489	1,641	29.8	29.8
29					50	729	729	50	8	48				8	787	835	3,736	21.1	22.4
30															-	-	3,610	-	-
Total					160	1,328	798	80	805	100	50			49	1,813	1,557	30,019	6.0	5.2

Continued

Soybean oil futures, Chicago Board of Trade: Trades and deliveries of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 22, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future																Total volume of trading	Trades of Allied Crude Vegetable Oil Refining Corporation as percent of total trading	
	1962 December				1963 January				1963 March		1963 May		1963 July		Total				
	Del.	Rec.	Bought	Sold	Del.	Rec.	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold		Bought	Sold
1962																			
Dec. 3															-	-	1,432	-	-
4			100												100	-	1,013	9.9	-
5			62				150						12	12	212	12	1,705	12.4	0.7
6											1		13		-	14	1,036	-	1.4
7															-	-	935	-	-
10															-	-	1,118	-	-
11				162			52		110						162	162	1,078	15.0	15.0
12									43				43	43	43	43	1,718	2.5	2.5
13								60	160				100	100	160	160	1,597	10.0	10.0
14								93	12				12	12	12	144	1,167	1.0	12.3
17									53		39		3		53	53	873	6.1	6.1
18							100		100		50				200	-	1,820	11.0	-
19							30	30	118	20	118				148	168	1,655	8.9	10.2
20									4		4				4	4	2,028	.2	.2
21									25		25		105		25	130	1,214	2 1	10.7
25							50	119	67				20		117	169	2,120	5.5	8.0
27								8	97		42		15		97	65	1,900	5.1	3.4
28							10	738	700						710	738	3,362	21.1	22.0
31							301	170	248		50				549	220	3,144	17.5	7.0
Total			162	162			693	1,248	1,737	20		329		323	2,592	2,082	30,915	8.4	6.7
1963																			
Jan. 2							199	1,217	1,217						1,416	1,217	3,785	37.4	32.2
3							251	30							251	30	1,658	15.1	1.8
4							180	10	10	10					190	20	1,929	9.8	1.0
7											25				25	-	1,151	2.2	-
8							463			147	20				483	147	1,845	26.2	8.0
9							369	25		1,800				28	369	1,853	3,489	10.6	53.1
10							163			70					163	70	1,975	8.3	3.5
11							120	7	125	677					245	684	3,066	8.0	22.3
14							39	10		49					39	59	2,154	1.8	2.7
15							108	268	167	133					275	401	3,561	7.7	11.3
16								83	84	84					84	167	3,269	2.6	5.1
17						219		15	93		30				123	15	2,839	4.3	.5
18						85	54	86	86						140	86	1,971	7.1	4.4
21								21	437	383					437	404	2,198	19.9	18.4
22						14	140		341	251					481	251	2,095	23.0	12.0
23						78			38	156					38	156	1,968	1.9	7.9
24						27									-	-	2,712	-	-
25						31			100						100	-	3,480	2.9	-
28						9				63			4		4	63	3,089	.1	2.0
29						6			230	72	15		55		300	72	2,146	14.0	3.4
30						24			1,424	631	443	908	188	188	2,055	1,727	4,000	51.4	43.2
31						5			276					150	276	150	1,549	17.8	9.7
Total						498	2,086	1,772	4,628	4,526	533	908	247	366	7,494	7,572	55,929	13.4	13.5

Continued

Soybean oil futures, Chicago Board of Trade: Trades and deliveries of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 22, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future												Total volume of trading	Trades of Allied Crude Vegetable Oil Refining Corporation as percent of total trading	
	1963 March				1963 May		1963 July		1963 Sept.		Total				
	Del.	Rec.	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold		Bought	Sold
1963															
Feb. 1			95					24			95	24	1,028	9.2	2.3
4											-	-	752	-	-
5								80			-	80	1,623	-	4.9
6			15	30				40			15	70	1,889	.8	3.7
7			35								35	-	2,029	1.7	-
8			150	10							150	10	2,272	6.6	.4
11				25							-	25	1,005	-	2.5
12											-	-	1,600	-	-
13				95							-	95	1,685	-	5.6
14				50							-	50	970	-	5.2
15				82							-	82	827	-	9.9
18											-	-	1,312	-	-
19				37							-	37	946	-	3.9
20											-	-	658	-	-
21				165	187			15		27	187	207	2,516	7.4	8.2
25				112							-	112	1,310	-	8.5
26								20			-	20	2,077	-	1.0
27			8	8	691		814				1,513	8	3,025	50.0	.3
28											-	-	2,361	-	-
Total			303	614	878		814	179		27	1,995	820	29,885	6.7	2.7
Mar. 1		260									-	-	894	-	-
4		55		28	28						28	28	769	3.6	3.6
5		150		365	100						100	365	1,059	9.4	34.5
6		55		228	73						73	228	1,072	6.8	21.3
7		15									-	-	988	-	-
8		19									-	-	629	-	-
11		62		114	164		50		27		241	114	1,231	19.6	9.3
12		25		14	14						14	14	1,069	1.3	1.3
13		57		294							-	294	996	-	29.5
14		82									-	-	660	-	-
15		43									-	-	696	-	-
18		47		203	203						203	203	2,502	8.1	8.1
19		39									-	-	1,171	-	-
20		37			244						244	-	1,669	14.6	-
21		8			112						112	-	1,004	11.2	-
22					141						141	-	1,100	12.8	-
25		7			99	9	92				191	9	1,426	13.4	.6
26					327		29				356	-	1,549	23.0	-
27		5			545						545	-	1,752	31.1	-
28					855		46				901	-	2,204	40.9	-
29					508	21					508	21	1,948	26.1	1.1
Total		966		1,246	3,413	30	217		27		3,657	1,276	26,388	13.9	4.8

Continued

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Soybean oil futures, Chicago Board of Trade: Trades and deliveries of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 22, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future																		Total volume of trading	Trades of Allied Crude Vegetable Oil Refining Corporation as percent of total trading	
	1963 May				1963 July		1963 Aug.		1963 Sept.		1963 Oct.		1963 Dec.		1964 Jan.		Total			Bought	Sold
	Del.	Rec.	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold			
1963																					
Apr. 1			142	50	10												152	50	1,045	14.5	4.8
2			45	75	679												724	75	1,790	40.4	4.2
3				279													-	279	1,216	-	22.9
4																	-	-	2,323	-	-
5			32	558	25	500											57	1,058	2,731	2.1	38.7
8			432		500	500											932	500	1,433	65.0	34.9
9			1	240	50	50											51	290	1,092	4.7	26.6
10			16														16	-	1,729	.9	-
11			42	80	10	17						32		18		50	52	197	1,613	3.2	12.2
15			75		50	86											125	86	1,491	8.4	5.8
16											21		13		7		41	-	2,905	1.4	-
17			22		10						11		5		23		71	-	1,372	5.2	-
18			91														91	-	2,189	4.2	-
19			43		14						20				20		97	-	1,020	9.5	-
22																	-	-	814	-	-
23			26														26	-	1,539	1.7	-
24				24													-	24	1,931	-	1.2
25			21	125	15	59											36	184	1,774	2.0	10.4
26			170		45												215	-	2,917	7.4	-
29			9		40	169											49	169	915	5.4	18.5
30			12		15	50											27	50	1,532	1.8	3.3
Total			1,179	1,431	1,463	1,431					52	32	18	18	50	50	2,762	2,962	35,371	7.8	8.4
May 1			6		5												11	-	1,387	0.8	-
2		30			30												30	-	1,417	2.1	-
3		68	30		90												120	-	747	15.1	-
6		18		120	84					51		29		18			84	218	998	8.4	21.8
7		189	60	85	401				60	9	10	5	25				556	99	1,720	32.3	5.7
8		11		211	222					20		10					222	241	1,245	17.8	19.4
9		44	43	145	159	43											202	188	1,053	19.2	17.9
10		49		75	87	20											87	95	1,579	5.5	6.0
13		50		99	78												78	99	925	8.4	10.7
14		91	25	241	398	1											423	242	1,763	24.0	13.7
15		15		177	177				5		5		5				192	177	932	20.6	19.0
16		133		109	165		51		50								266	109	1,071	24.8	10.2
17		67		182	269									1			269	183	1,166	23.1	15.7
20		9		63	58	14											58	77	1,033	5.6	7.5
21				166	170				3		5						178	166	1,561	11.4	10.6
22		29		500	529												529	500	1,633	32.4	30.6
23		67			72												72	-	876	8.2	-
24		110			117	26											117	26	552	21.2	4.7
27		32			1,032	1,000			9		20						1,061	1,000	2,978	35.6	33.6
28		10			50	53			8		9	20					107	73	1,441	7.4	5.1
29					238	40											238	40	2,020	11.8	2.0
31					231	255											231	255	1,607	14.4	15.9
Total		1,022	164	2,173	4,702	1,452	51		135	80	49	64	30	19			5,131	3,788	29,707	17.3	12.8

Continued

Soybean oil futures, Chicago Board of Trade: Trades and deliveries of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 22, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future																				Total volume of trading	Trades of Allied Crude Vegetable Oil Refining Corporation as percent of total trading	
	1963 July				1963 Aug.		1963 Sept.		1963 Oct.		1963 Dec.		1964 Jan.		1964 Mar.		1964 May		Total			Bought	Sold
	Del.	Rec.	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold			
1963																							
June 3			123	10															123	10	667	18.4	1.5
4			79									30							79	30	800	9.0	3.4
5			80		51		46		33		45								877	-	1,009	77.5	-
6			321		23		15		20		20	2							399	2	1,150	34.4	.2
7			665	500	51							9							716	509	1,835	38.0	27.0
10			44																44	-	754	5.8	-
11			7	30							30								37	30	871	4.2	3.4
12			50		50														100	-	1,181	8.5	-
13			36		34							16							70	16	1,319	4.6	1.1
14			102		25														127	-	1,269	10.0	-
17				161							23		36		6				65	161	934	6.5	16.2
18			136	81					100		25		30		5		5		301	81	2,599	11.6	3.1
19			253	10					30		30		36		41		6		396	10	1,129	35.1	.9
20			587						30		65		51		41		40		834	-	2,035	40.6	-
21			275																275	-	1,323	20.8	-
24			8									25							8	25	527	1.5	4.7
25			25																25	-	674	3.7	-
26			105	100															105	100	1,121	9.4	8.9
27																			-	-	1,067	-	-
28			174	2,267			2,267												2,441	2,267	5,727	42.6	39.6
Total			3,070	3,159	234		2,328		253		238	82	153		93		51		6,422	3,241	28,411	22.6	11.4
July 1		547		658			547		158										705	658	3,367	20.9	19.5
2		184		500			1,184												1,184	500	4,059	29.2	12.3
3		160	75		38		225		34		30		30		20		20		472	-	1,792	26.3	-
5		87					88												88	-	683	12.9	-
8		72	9	26			120												129	26	952	13.6	2.7
9		39					39												39	-	526	7.4	-
10		36		23			59												59	23	389	15.2	5.9
11		48		98			169												169	98	803	21.0	12.2
12		103		35			138												138	35	1,171	11.8	3.0
15		73		100			273					100							373	200	1,956	14.0	10.2
16		120					132	200											132	200	1,066	12.4	18.8
17		17	46	57		26	117	266											163	409	1,956	8.3	20.9
18		191					426	85	36	25	54	85	1						517	75	1,746	29.6	4.3
19		58					32												32	-	1,011	3.2	-
22		27	125				88												213	-	1,612	13.2	-
23		129		50	2		2												4	50	1,039	.4	4.8
24		78							1			50		40		50		20	1	160	675	.1	23.7
25		117			5		19		5		5		5	10		10			39	20	733	5.2	2.7
26		43			20		19					30		20		28		24	39	122	1,153	3.3	8.6
29		23			25		32		10		10	25		30		22		20	77	97	780	9.9	12.4
30		55			17		21	10	19			20		35		40		20	57	125	989	5.8	12.6
31		53			10		500	500	45			6		10		10			555	525	1,993	27.8	26.4
Total		2,262	855	1,547	117	26	4,230	1,001	308	25	99	256	36	145	20	150	20	84	5,085	3,32[illegible]	30,506	16.7	10.8

Continued

Soybean oil futures, Chicago Board of Trade: Trades and deliveries of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 22, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future																				Total Volume of trading	Trades of Allied Crude Vegetable Oil Refining Corporation as percent of total trading	
	1963 August				1963 September				1963 Oct.		1963 Dec.		1964 Jan.		1964 Mar.		1964 May		Total			Bought	Sold
	Del.	Rec.	Bought	Sold	Del.	Rec.	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold			
1963																							
Aug. 1		44		36				680	592		29		37		35	10	24		717	726	2,666	26.9	27.2
2		23		208				518	367		43		30	20	25	10	25		487	756	2,150	22.7	35.2
5				79				40			22		26	10	27	10	17		92	139	830	11.1	16.7
6			50	110			30	30	100		34		32		27		42		315	140	1,603	19.7	8.7
7			38	52			38	64			8		9		9		9	1	111	117	950	11.7	12.3
8			20	45			1	97			48		33		40		37		179	143	780	22.9	18.3
9			16				7	67			16		13		25		12		89	67	1,156	7.7	5.8
12			44				10	165	10		3		3		1		3		74	165	691	10.7	23.9
13		5	41				37	10	10	72	72								160	82	1,741	9.2	4.7
14			78				150	500	500										728	500	2,571	29.5	19.4
15			5				7												12	-	689	1.7	-
16			14				108	36											122	36	697	17.5	5.2
19			2				42	500	339		2		2		2		2		391	500	1,443	27.1	34.7
20		1	3				80		254		2		2		2		2		283	-	1,057	27.0	-
21		17					3	503	512				2		1		1		519	503	1,865	27.8	27.0
22		1					1												1	-	1,041	.1	-
23		5					2	1,000	251	250	1,000								1,253	1,250	3,145	39.8	39.7
26																			-	-	680	-	-
27								71	12		30								42	71	948	4.4	7.5
28								25			44								44	25	811	5.4	3.1
29							62	221	22		48		10		20				162	221	1,407	11.5	15.7
30								2,356	2,356		68		5		62		8		2,499	2,356	6,080	41.1	38.8
Total		96	311	531			548	6,883	5,325	322	1,466		204	30	276	70	182	1	8,312	7,797	35,001	23.7	22.3
Sept. 3							40		1,176	809		1,000							1,216	1,809	4,271	28.5	42.4
4					723				104	86									104	86	1,313	6.9	5.7
5											34		28						62	-	1,838	3.4	-
6						17			15		19								34	-	893	3.8	-
9									1,019										1,019	-	2,396	42.5	-
10						8			8	767	3								5	767	3,126	.2	24.5
11						8			2,232	1,333	38								2,270	1,333	5,326	42.6	25.0
12						7			955	900	26								981	900	3,259	30.1	27.6
13									48	200									48	200	1,474	3.3	13.6
16											15		15						30	-	1,754	1.7	-
17										115	55		10	900					65	1,015	3,426	1.9	29.6
18									901	157	157								1,058	157	3,426	30.9	4.6
19									25	15									25	15	1,060	2.4	1.4
20									81	55									81	55	4,480	1.8	1.2
23											30								30	-	1,415	2.1	-
24									22	230									22	230	1,842	1.2	12.5
25													25		25				50	-	1,621	3.1	-
26									33		170		170		70		60		503	-	1,916	26.3	-
27									69	2,340	39		50		40		35		233	2,340	4,411	5.3	57.6
30									42	1,913	52								94	1,913	3,956	2.4	48.4
Total					723	40	40		6,724	9,120	638	1,000	298	900	135		95		7,930	11,020	53,403	14.8	20.6

Continued

Soybean oil futures, Chicago Board of Trade: Trades and deliveries of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 22, 1963 -- Continued

(Contracts of 60,000 pounds)

Date	Future																Total volume of trading	Trades of Allied Crude Vegetable Oil Refining Corporation as percent of total trading	
	1963 October				1963 December		1964 January		1964 March		1964 May		1964 July		Total				
	Del.	Rec.	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold		Bought	Sold
1963																			
Oct. 1		1,962	25		1,096										1,121	-	3,343	33.5	-
2		15	170	849	2,454		1,315		490						4,429	849	7,425	59.6	11.4
3		47	22	3	39										61	3	1,143	5.3	.3
4					20	50	20								20	50	1,529	2.6	3.3
7		226		26	155										155		2,028	7.6	1.3
8		41	117	29	70										187	-	2,148	8.7	1.4
9		51	50	73	104	10	30	10	15	20	15	60			214	95	1,962	10.9	8.9
10		25			245										245	-	1,508	16.2	-
11		42			10		10		10		10				40	-	2,811	1.4	-
14		32					2								2	-	1,331	.2	-
15		13			119				68						187	-	1,925	9.7	-
16		33			120		100		130						350	-	1,767	19.8	-
17		16			19		19		17						55	-	2,059	2.7	-
18		11			363	300	50		42		35				490	300	1,863	26.3	16.1
21		2			223		1		2						226	-	1,669	13.5	-
22		5			456	400	50	41	50						556	441	1,107	50.2	39.8
23		18			616	600	7	10	16		1				640	610	1,953	32.8	31.2
24		11			48		68	60	73						189	60	1,216	15.5	4.9
25		9			602	819	2	170	7						611	989	3,530	17.3	28.0
28					36	-	61		21		15				133	-	1,490	8.9	-
29					19	50	25								44	50	782	5.6	6.4
30					197	198	486		203						886	198	5,420	16.3	3.7
31					72	105	76	43	66	57	16				230	205	2,186	10.5	9.4
Total		2,552	384	982	7,083	2,532	2,322	334	1,210	77	92	60			11,091	3,985	52,195	21.2	7.6
Nov. 1					30	80	50		50		50				200	20	1,965	10.2	1.0
4					203	249	40		35		30				308	249	1,509	20.4	16.5
5					160		153		160		60				533	-	1,992	26.8	-
6					118	65	93		92		60				363	65	1,741	20.9	3.7
7					99	55	61		67		50				277	55	1,713	16.2	3.2
8					15	969	993		75						1,083	969	4,952	21.9	19.6
11					65	29	114		71		90				340	29	1,626	20.9	1.8
12					186	927	981	100	193		103				1,463	1,027	3,584	40.8	28.7
13					44	129	179		63		54				340	129	2,403	14.1	5.4
14					10	214	98		146		15				269	214	2,572	10.5	8.3
15					181	272	99		326						606	272	3,850	15.7	7.1
18						91	66	25		33		20			66	169	3,945	1.7	4.3
19						2,762		454		1,058		45		19	-	4,338	13,551	-	32.0
20						1,135		3,588	5	1,952		673			5	7,346	17,847	1/	41.2
21					57			57							57	57	6,296	.9	.9
22					64			307	293			69	19		376	376	4,238	8.9	8.9
Total					1,252	6,917	2,927	4,531	1,576	3,043	512	807	19	19	6,286	15,317	73,784	8.5	20.8

1/ Less than 0.05 percent.

Soybean oil futures, Chicago Board of Trade: Exchanges of futures for cash reported by Allied Crude Vegetable Oil Refining Corporation, October 1, 1962 - November 22, 1963

(Contracts of 60,000 pounds)

Date	Future													
	1962 Oct.		1962 Dec.		1963 Jan.		1963 Mar.		1963 May		1963 July		Total	
	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold
1962														
Oct. 5			-	16									-	16
8	-	60	-	50									-	110
Total-Allied Crude	-	60	-	66									-	126
Total monthly volume of trading	2,670		17,800										43,147	
Allied Crude as percent of total	-	2.2	-	.4									-	.3
Nov. 16					-	30							-	30
29			-	50	-	50							-	100
Total-Allied Crude			-	50	-	80							-	130
Total monthly volume of trading			9,737		9,252								30,019	
Allied Crude as percent of total			-	.5	-	.9							-	.4
Dec. 26					50	50							50	50
28					10	10							10	10
Total-Allied Crude					60	60							60	60
Total monthly volume of trading					10,742								30,915	
Allied Crude as percent of total					.6	.6							.2	.2
1963														
Jan. 9					-	25							-	25
16							84	84					84	84
Total-Allied Crude					-	25	84	84					84	109
Total monthly volume of trading					8,249		25,398						55,929	
Allied Crude as percent of total					-	.3	.3	.3					.2	.2
Feb. 11							-	25					-	25
13							-	95					-	95
25							-	73					-	73
27									686	-	814	-	1,500	-
Total-Allied Crude							-	193	686	-	814	-	1,500	193
Total monthly volume of trading							9,213		10,850		6,918		29,685	
Allied Crude as percent of total							-	2.1	6.3	-	11.8	-	5.0	.6
Mar. 13							-	294					-	294
Total-Allied Crude							-	294					-	294
Total monthly volume of trading							4,646						26,388	
Allied Crude as percent of total							-	6.3					-	1.1
Apr. 1									-	50			-	50
2									-	75	679	-	679	75
5									-	551			-	551
9									-	240			-	240
11											-	17	-	17
25									-	100	-	34	-	134
29											-	169	-	169
30											-	50	-	50
Total-Allied Crude									-	1,016	679	270	679	1,286
Total monthly volume of trading									13,913		12,672		35,371	
Allied Crude as percent of total									-	7.3	5.4	2.1	1.9	3.6
May 2											30	-	30	-
6											17	-	17	-
7											190	-	190	-
8											11	-	11	-
9									-	43	-	43	-	86
10											49	-	49	-
13											50	-	50	-
14											91	-	91	-
20											-	14	-	14
22									-	500	529	-	529	500
23											67	-	67	-
24											110	26	110	26
27											1,032	1,000	1,032	1,000
28											10	53	10	53
29											-	40	-	40
31											-	255	-	255
Total-Allied Crude									-	543	2,186	1,431	2,156	1,974
Total monthly volume of trading									5,145		16,474		27,707	
Allied Crude as percent of total									-	10.6	13.3	8.7	7.4	6.6
June 3											-	10	-	10
7											613	500	613	500
17											-	161	-	161
18											-	50	-	50
19											-	10	-	10
26											-	100	-	100
Total-Allied Crude											613	831	613	831
Total monthly volume of trading											14,125		28,411	
Allied Crude as percent of total											4.3	5.9	2.2	2.9

Continued

Soybean oil futures, Chicago Board of Trade: Exchanges of futures for cash reported by Allied Crude Vegetable Oil Refining Corporation, October 1, 1962 - November 22, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future															
	1963 July		1963 Aug.		1963 Sept.		1963 Oct.		1963 Dec.		1964 Jan.		1964 Mar.		Total	
	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold
1963																
July 1	-	500													-	500
2	-	500			1,184	-									1,184	500
3					160	-									160	-
8					72	-									72	-
9					39	-									39	-
10					36	-									36	-
11					48	-									48	-
12					103	-									103	-
15									-	75					-	75
16					120	-									120	-
17	-	7	-	8	17	86									17	179
23	-	50													-	50
30					-	10	19	-							19	10
31					500	500	45	-							545	500
Total-Allied Crude	-	1,057	-	86	2,279	596	64	-	-	75					2,343	1,814
Total monthly volume of trading	5,062		4,432		10,084		2,552		2,920						30,506	
Allied Crude as percent of total		20.9	-	1.9	22.6	5.9	2.5	-	-	2.6					7.7	5.9
Aug. 1					-	557	591	-							591	557
2					-	10									-	10
12					-	125									-	125
16					-	36									-	36
20					13	-	250	-							263	-
21					-	500	500	-							500	500
23					-	1,000	250	250	1,000	-					1,250	1,250
29					-	221	22	-							22	221
Total-Allied Crude					13	2,449	1,613	250	1,000	-					2,626	2,699
Total monthly volume of trading					13,416		8,879		4,497						35,001	
Allied Crude as percent of total					.1	18.3	18.2	2.8	22.2	-					7.5	7.7
Sept. 3							1,000	809	-	1,000					1,000	1,809
4							-	86							-	86
9							1,012	-							1,012	-
10							-	767							-	767
11							2,196	1,333							2,196	1,333
12							900	900							900	900
13							7	200							7	200
17							-	50							-	50
18							901	-							901	-
19							-	15							-	15
20							-	55							-	55
24							-	230							-	230
27							-	2,540							-	2,540
30							-	1,913							-	1,913
Total-Allied Crude							6,016	8,898	-	1,000					6,016	9,898
Total monthly volume of trading							22,870		9,682						53,403	
Allied Crude as percent of total							26.3	38.9	-	10.3					11.3	18.5
Oct. 1									1,076	-					1,076	-
2									1,825	-	1,315	-	490	-	3,630	-
7									129	-					129	-
8									16	-					16	-
10									220	-					220	-
22									400	400					400	400
23									600	600					600	600
25									600	819					600	819
29									-	50					-	50
30									-	198					-	198
31									-	105					-	105
Total-Allied Crude									4,866	2,172	1,315	-	490	-	6,671	2,172
Total monthly volume of trading									22,163		11,705		8,023		52,195	
Allied Crude as percent of total									22.0	9.8	11.2	-	6.1	-	12.8	4.2
Nov. 4									113	249					113	249
6									-	65					-	65
7									-	55					-	55
8									-	708	658	-			658	708
12									-	825	658	100			658	925
13									-	100	100	-			100	100
Total-Allied Crude									139	2,002	1,416	100			1,554	2,102
Total volume of trading Nov. 1-22									17,432		22,604				73,784	
Allied Crude as percent of total									.8	11.5	6.3	.4			2.1	2.8

Soybean oil futures, Chicago Board of Trade: Positions of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 22, 1963

(Contracts of 60,000 pounds)

Date	Future														Total open contracts	Positions of Allied Crude Vegetable Oil Refining Corporation as percent of total open contracts.	
	1962 October		1962 December		1963 January		1963 March		1963 May		1963 July		Total				
	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short		Long	Short
1962																	
Oct. 1	25		584		17		68						609	85	10,490	5.8	0.8
2	-		584		17		68						584	85	10,299	5.7	.8
3			584		17		68						584	85	10,393	5.6	.8
4			584		17		68						584	85	10,333	5.7	.8
5	50		618		-		-						668	-	10,155	6.6	-
8	27		618										645	-	10,192	6.3	-
9	27		618										645	-	10,236	6.3	-
10	57		668										725	-	10,264	7.1	-
11	77		668										745	-	10,769	6.9	-
12	73		668				479		479				1,220	479	11,763	10.4	4.1
15	53		768				479		479				1,300	479	11,941	10.9	4.0
16	9		718				479		479				1,206	479	12,005	10.0	4.0
17	-		746				479		479				1,225	479	12,190	10.0	3.9
18			746				479		479				1,225	479	12,205	10.0	3.9
19			912				479		595				1,391	595	12,505	11.1	4.8
22			962				479		645				1,441	645	13,045	11.0	4.9
23			962				479		645				1,441	645	13,182	10.9	4.9
24			1,169				479		703				1,648	703	13,525	12.2	5.2
25			1,169				479		703				1,648	703	13,678	12.0	5.1
26			1,179		10		-		224				1,189	224	14,162	8.4	1.6
29			1,168		21				224				1,189	224	14,219	8.4	1.6
30			1,168		21				224				1,189	224	14,484	8.2	1.5
31			1,168		21				224				1,189	224	14,745	8.1	1.5
Nov. 1			1,168		21				224				1,189	224	14,962	7.9	1.5
2			1,168		21				214				1,189	214	14,920	8.0	1.4
5			1,168		21				214				1,189	214	14,896	8.0	1.4
7			1,168		21				214				1,189	214	14,973	7.9	1.4
8			1,168		21		53		40	214			1,282	214	15,240	8.4	1.4
9			1,143		21		153		40	214			1,357	214	15,343	8.8	1.4
12			1,143		21		153		40	214			1,357	214	15,430	8.8	1.4
13			1,143		21		153		40	214			1,357	214	15,362	8.8	1.4
14			1,143		21		153		40	214			1,357	214	15,403	8.8	1.4
15			1,143		21		153		40	214			1,357	214	15,676	8.7	1.4
16			1,173		50		173		40	214			1,435	214	16,031	9.0	1.3
19			1,173		50		133		40	214			1,396	214	16,163	8.6	1.3
20			1,188		50		137		40	214			1,415	214	16,339	8.7	1.3
21			1,133		50		165		40	214			1,388	214	16,465	8.4	1.3
23			1,178		50		256		40	214	41		1,524	255	16,549	9.2	1.5
26			1,178		50		256		40	214	41		1,524	255	16,757	9.1	1.5
27			1,168		60		256		40	214	41		1,524	255	16,603	9.2	1.5
28			679		60		745		40	214	41		1,524	255	16,802	9.1	1.5
29			-		739		705		40	214	49		1,484	263	17,092	8.7	1.5
30					739		705		40	214	49		1,484	263	17,472	8.5	1.5

Continued

Soybean oil futures, Chicago Board of Trade: Positions of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 22, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future												Total open contracts	Positions of Allied Crude Vegetable Oil Refining Corporation as percent of total open contracts	
	1962 December		1963 January		1963 March		1963 May		1963 July		Total				
	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short		Long	Short
1962															
Dec. 3			739		705		40	214	49		1,484	263	16,754	8.9	1.6
4	100		739		705		40	214	49		1,584	263	16,810	9.4	1.6
5	162		889		705		40	214	61		1,796	275	16,923	10.6	1.6
6	162		889		705		39	214	74		1,795	288	16,980	10.6	1.7
7	162		889		705		39	214	74		1,795	288	16,874	10.6	1.7
10	162		889		705		39	214	74		1,795	288	16,864	10.6	1.7
11	-		941		815		39	214	74		1,795	288	16,714	10.7	1.7
12			941		858		39	214	117		1,838	331	16,606	11.1	2.0
13			881		1,018		39	214	217		1,938	431	16,639	11.6	2.6
14			788		1,030		-	214	229		1,818	443	16,707	10.9	2.7
17			788		1,083			264	232		1,871	496	16,636	11.2	3.0
18			888		1,183			264	232		2,071	496	16,859	12.3	2.9
19			888		1,281			382	232		2,169	614	16,639	13.0	3.7
20			888		1,285			386	232		2,173	618	16,321	13.3	3.8
21			888		1,310			411	337		2,193	748	16,230	13.5	4.6
26			888	99	1,377			411	357		2,265	867	16,297	13.9	5.3
27			888	107	1,474			453	372		2,362	932	16,474	14.3	5.7
28			170	117	2,174			453	372		2,344	942	17,514	13.4	5.4
31			301	117	2,422			503	372		2,723	992	18,562	14.7	5.3
1963															
Jan. 2			500	1,334	3,639			503	372		4,139	2,209	20,218	20.5	10.9
3			500	1,113	3,639			503	372		4,139	1,988	19,987	20.7	9.9
4			500	943	3,639			503	372		4,139	1,818	19,563	21.0	9.2
7			500	943	3,639			478	372		4,139	1,793	19,609	21.1	9.1
8			500	480	3,492			458	372		3,992	1,310	18,931	21.1	6.9
9			557	193	1,692			458	400		2,249	1,051	16,675	13.5	6.3
10			627	100	1,622			458	400		2,249	958	16,386	13.7	5.8
11			640	-	1,090	20		458	400		1,730	878	15,333	11.3	5.7
14			669		1,080	59		458	400		1,749	917	15,802	11.1	5.8
15			509		1,055	-		458	400		1,564	858	16,429	9.5	5.2
16			426		1,055			458	400		1,481	858	16,345	9.1	5.2
17			192		1,148		30	458	400		1,370	858	15,713	8.7	5.5
18			75		1,234		30	458	400		1,339	858	15,709	8.5	5.5
21			54		1,288		30	458	400		1,372	858	15,610	8.8	5.5
22			180		1,378		30	458	400		1,588	858	15,864	10.0	5.4
23			102		1,260		30	458	400		1,392	858	16,044	8.7	5.3
24			75		1,260		30	458	400		1,365	858	16,619	8.2	5.2
25			44		1,360		30	458	400		1,434	858	16,920	8.5	5.1
28			35		1,297		30	458	396		1,362	854	16,969	8.0	5.0
29			29		1,455		30	443	341		1,514	784	16,922	8.9	4.6
30			5		2,248		-	878	341		2,253	1,219	17,286	13.0	7.1
31			-		2,524			878	491		2,524	1,369	17,597	14.3	7.8

Continued

Soybean oil futures, Chicago Board of Trade: Positions of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 22, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future										Total open contracts	Positions of Allied Crude Vegetable Oil Refining Corporation as percent of total open contracts	
	1963 March		1963 May		1963 July		1963 Sept.		Total				
	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short		Long	Short
1963													
Feb. 1	2,618		878		515				2,618	1,393	17,619	14.9	7.9
4	2,618		878		515				2,618	1,393	17,663	14.8	7.9
5	2,618		878		595				2,618	1,473	17,852	14.7	8.3
6	2,603		878		635				2,603	1,513	18,011	14.5	8.4
7	2,638		878		635				2,638	1,513	18,051	14.6	8.4
8	2,778		878		635				2,778	1,513	17,760	15.6	8.5
11	2,753		878		635				2,753	1,513	17,824	15.4	8.5
12	2,753		878		635				2,753	1,513	17,469	15.8	8.7
13	2,658		878		635				2,658	1,513	17,323	15.3	8.7
14	2,608		878		635				2,608	1,513	17,215	15.1	8.8
15	2,526		878		635				2,526	1,513	17,099	14.8	8.8
18	2,526		878		635				2,526	1,513	16,766	15.1	9.0
19	2,489		878		635				2,489	1,513	16,519	15.1	9.2
20	2,489		878		635				2,489	1,513	16,415	15.2	9.2
21	2,324		691		650		27		2,324	1,368	16,487	14.1	8.3
25	2,212		691		650		27		2,212	1,368	16,532	13.4	8.3
26	2,212		691		670		27		2,212	1,388	16,031	13.8	8.7
27	2,212		-	144	-		27		2,356	27	16,231	14.5	.2
28	2,212			144			27		2,356	27	15,960	14.8	.2
Mar. 1	1,952			144			27		2,096	27	15,337	13.7	0.2
4	1,869		28	144			27		2,041	27	15,457	13.2	.2
5	1,354		128	144			27		1,626	27	15,354	10.6	.2
6	1,071		201	144			27		1,416	27	15,140	9.4	.2
7	1,056		201	144			27		1,401	27	15,153	9.2	.2
8	1,037		201	144			27		1,382	27	15,048	9.2	.2
11	861		365	194			-		1,420	-	15,111	9.4	-
12	822		379	194					1,395	-	15,176	9.2	-
13	471		379	194					1,044	-	14,925	7.0	-
14	389		379	194					962	-	14,666	6.6	-
15	346		379	194					919	-	14,555	6.3	-
18	96		582	194					872	-	14,280	6.1	-
19	57		582	194					833	-	14,090	5.9	-
20	20		826	194					1,040	-	14,156	7.3	-
21	12		938	194					1,144	-	14,225	8.0	-
22	12		1,079	194					1,285	-	14,439	8.9	-
25	5		1,169	286					1,460	-	14,646	10.0	-
26	5		1,496	315					1,816	-	14,706	12.3	-
27	-		2,041	315					2,356	-	15,042	15.7	-
28			2,896	361					3,257	-	15,730	20.7	-
29			3,383	361					3,744	-	16,119	23.2	-

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Soybean oil futures, Chicago Board of Trade: Positions of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 22, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future																Total open contracts	Positions of Allied Crude Vegetable Oil Refining Corporation as percent of total open contracts	
	1963 May		1963 July		1963 Aug.		1963 Sept.		1963 Oct.		1963 Dec.		1964 Jan.		Total				
	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short		Long	Short
1963																			
Apr. 1	3,375		371												3,746	-	16,213	23.1	-
2	3,345		1,050												4,395	-	16,882	26.0	-
3	3,066		1,050												4,116	-	16,809	24.5	-
4	3,066		1,050												4,116	-	16,633	24.7	-
5	2,540		575												3,115	-	16,036	19.4	-
8	2,972		575												3,547	-	16,223	21.9	-
9	2,733		575												3,308	-	16,082	20.6	-
10	2,749		575												3,324	-	16,007	20.8	-
11	2,711		568								32		18		50	3,279	100	15,975	20.5	0.6
15	2,786		532								32		18		50	3,318	100	15,955	20.8	.6
16	2,786		532								11		5		43	3,318	59	17,222	19.3	.3
17	2,808		542								-		-		80	3,350	80	17,122	19.6	.1
18	2,899		542												80	3,441	80	15,896	20.4	.1
19	2,942		556						80						-	3,518	-	16,835	20.8	-
22	2,942		556						80							3,518	-	16,873	20.8	-
23	2,968		556						80							3,544	-	16,688	21.2	-
24	2,944		556						80							3,520	-	16,909	20.9	-
25	2,840		512						80							3,372	-	16,625	20.3	-
26	3,010		557						80							3,587	-	16,925	21.2	-
29	3,019		428						80							3,467	-	16,822	20.6	-
30	3,031		393						80							3,444	-	16,769	20.5	-
May 1	3,037		398						80							3,435	-	16,404	21.1	-
2	3,007		428						80							3,455	-	15,958	20.4	-
3	2,969		518						80							3,507	-	17,044	20.6	-
6	2,831		602					51	80		29		18			3,453	98	16,925	20.4	0.6
7	2,617		1,003					-	80		24	7	-			3,647	54	17,102	21.3	.1
8	2,395		1,225					80	80		34	7				3,647	54	17,189	21.2	.3
9	2,249		1,341					80	80		34	7				3,617	54	17,106	21.1	.3
10	2,125		1,408					80	80		34	7				3,560	54	17,333	20.5	.3
13	1,575		1,486					80	80		34	7				3,489	54	17,253	20.2	.3
14	1,669		1,883					80	80		34	7				3,579	54	17,327	20.7	.3
15	1,477		2,060				5	80	85		34	12				3,579	54	17,311	20.7	.3
16	1,293		2,225		51		55	80	85		34	12				3,603	54	17,358	20.8	.3
17	966		2,454		51		55	80	85		34	11				3,622	54	17,356	20.9	.3
20	914		2,538		51		55	80	85		34	11				3,594	54	16,929	21.2	.3
21	748		2,708		51		55	17	85		29	11				3,598	46	16,620	21.6	.3
22	219		3,237		51		55	17	85		29	11				3,538	46	16,637	21.6	.3
23	152		3,309		51		55	17	85		29	11				3,603	46	16,822	21.4	.3
24	42		3,400		51		55	17	85		29	11				3,584	46	16,772	21.4	.3
27	10		3,432		51		55	8	85		9	11				3,584	17	16,729	21.4	.1
28	-		3,469		51		55	-	5		-	11				3,591	-	16,936	21.1	-
29			3,667		51		55		5			11				3,789	-	16,730	22.6	-
31			3,643		51		55		5			11				3,765	-	16,911	22.3	-

Continued

Soybean oil futures, Chicago Board of Trade: Positions of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 22, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future																		Total open contracts	Positions of Allied Crude Vegetable Oil Refining Corporation as percent of total open contracts	
	1963 July		1963 Aug.		1963 Sept.		1963 Oct.		1963 Dec.		1964 Jan.		1964 Mar.		1964 May		Total				
	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short		Long	Short
1963																					
June 3	3,756		51		55		5		11								3,878	-	17,051	22.7	-
4	3,835		51		55		5		11		30						3,957	30	17,059	23.2	0.2
5	3,915		102		101		60		56		30						4,234	30	17,275	24.5	.2
6	4,236		125		116		80		76		32						4,633	32	17,494	26.5	.2
7	4,401		176		116		80		76		41						4,849	41	17,586	27.6	.2
10	4,445		176		116		80		76		41						4,893	41	17,623	27.8	.2
11	4,422		176		116		80		106		41						4,900	41	17,522	28.0	.2
12	4,472		226		116		80		106		41						5,000	41	17,686	28.3	.2
13	4,508		260		116		80		106		57						5,070	57	17,942	28.3	.3
14	4,610		285		116		80		106		57						5,197	57	18,128	28.7	.3
17	4,449		285		116		80		129		57		36		6		5,101	57	18,157	28.1	.3
18	4,504		285		116		180		154		57		66		11		5,321	57	18,433	28.9	.3
19	4,747		285		116		210		184		57		102		52		5,707	57	18,291	31.2	.3
20	5,334		285		116		260		249		57		153		93		6,541	57	18,527	35.3	.3
21	5,609		285		116		250		249		57		153		93		6,816	57	18,725	36.4	.3
24	5,617		285		116		260		243		76		153		93		6,818	76	18,634	36.5	.4
25	5,642		285		116		260		243		76		153		93		6,843	76	18,631	36.7	.4
26	5,647		285		116		260		243		76		153		93		6,848	76	18,339	37.2	.4
27	5,647		285		116		260		243		76		153		93		6,848	76	18,315	37.4	.4
28	3,554		285		2,383		260		243		76		153		93		7,022	76	18,294	38.4	.4
July 1	2,349		285		2,930		418		243		76		153		93		6,522	76	17,621	37.0	0.4
2	1,665		285		4,114		418		243		76		153		93		7,022	76	18,958	37.0	.4
3	1,580		323		4,339		452		273		76		183		113		7,334	76	19,517	37.6	.4
5	1,493		323		4,427		452		273		76		183		113		7,335	76	19,319	38.0	.4
8	1,404		323		4,547		452		273		76		183		113		7,356	76	19,335	38.1	.4
9	1,365		323		4,586		452		273		76		183		113		7,366	76	19,310	38.1	.4
10	1,306		323		4,645		452		273		76		183		113		7,356	76	19,167	38.4	.4
11	1,160		323		4,814		452		273		76		183		113		7,389	76	19,200	38.5	.4
12	1,022		323		4,952		452		273		76		183		113		7,389	76	19,227	38.4	.4
15	847		323		5,225		452		173		76		183		113		7,387	76	19,069	38.7	.4
16	727		323		5,157		452		173		76		183		113		7,199	76	18,979	37.9	.4
17	699		237		5,008		452		173		76		183		113		6,936	76	18,585	37.3	.4
18	503		-		5,409		463		183		57		184		113		7,168	57	18,769	38.2	.3
19	450		237		5,441		463		183		57		184		113		7,142	57	18,752	38.1	.3
22	543		237		5,329		463		193		57		184		113		7,328	57	18,635	39.3	.3
23	369		239		5,531		463		133		57		184		113		7,153	57	18,495	38.7	.3
24	291		239		5,531		464		163		87		174	30	93	30	7,006	147	18,352	38.2	.8
25	174		244		5,550		469		168		87		179	40	93	40	6,928	167	18,266	37.9	.9
26	131		254		5,569		469		138		87		159	40	65	40	6,822	167	18,597	36.7	.9
29	108		289		5,601		479		123		87		129	40	43	40	6,779	167	18,641	36.4	.9
30	53		306		5,612		498		103		87		109	55	18	55	6,699	210	18,542	36.1	1.1
31	-		316		5,612		543		97		87		109	65	18	65	-	13	6,695	230	18,449	36.3	1.2

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Soybean oil futures, Chicago Board of Trade: Positions of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 22, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future																Total open contracts	Positions of Allied Crude Vegetable Oil Refining Corporation as percent of total open contracts	
	1963 Aug.		1963 Sept.		1963 Oct.		1963 Dec.		1964 Jan.		1964 Mar.		1964 May		Total				
	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short		Long	Short
1963																			
Aug. 1	236		4,932		1,135		126	87	146	65	53	75	11		6,639	227	18,489	35.9	1.2
2	5		4,414		1,302		166	87	176	85	78	85	36		6,377	257	18,739	34.0	1.4
5	5	79	4,374		1,302		188	87	202	95	105	95	53		6,429	356	18,895	34.0	1.9
6	5	139	4,374		1,602		222	87	234	95	132	95	95		6,664	416	18,631	35.8	2.2
7	5	153	4,348		1,602		230	87	243	95	141	93	103		6,672	430	18,616	35.8	2.3
8	5	179	4,252		1,602		278	87	276	95	181	95	140		6,734	456	18,705	36.0	2.4
9	5	163	4,192		1,602		294	87	289	95	206	95	152		6,740	440	18,752	35.9	2.3
12	5	119	4,037		1,612		297	87	292	95	207	95	155		6,605	396	18,525	35.7	2.1
13	-	78	4,064		1,550		369	87	292	95	207	95	155		6,637	355	18,679	35.5	1.9
14		-	3,744		2,050		369	87	292	95	207	95	155		6,817	277	18,563	36.7	1.5
15	5		3,751		2,050		369	87	292	95	207	95	155		6,829	277	18,501	36.9	1.5
16	19		3,823		2,050		369	87	292	95	207	95	155		6,915	277	18,556	37.3	1.5
19	21		3,365		2,339		371	87	294	95	209	55	157		6,806	277	18,441	36.9	1.5
20	23		3,395		2,643		373	87	296	95	211	95	159		7,090	277	18,755	37.8	1.5
21	6		2,885		3,15[illegible]		373	87	298	95	212	95	160		7,089	277	19,194	36.9	1.4
22	5		2,886		3,155		373	87	298	95	212	95	160		7,089	277	19,042	37.2	1.5
23	-		1,888		3,156		1,373	87	298	95	212	95	160		7,087	277	19,009	37.3	1.5
26			1,838		3,156		1,373	87	298	95	212	95	160		7,087	277	19,108	37.1	1.4
27			1,817		3,168		1,403	87	298	95	212	95	160		7,058	277	19,204	36.8	1.4
28			1,792		3,168		1,447	87	298	95	212	95	160		7,077	277	19,448	36.4	1.4
29			1,633		3,190		1,495	87	308	95	232	95	160		7,018	277	19,495	36.0	1.4
30			-	723	5,546		1,563	87	313	95	294	95	168		7,864	1,000	23,018	34.3	4.3
Sept. 3			40	723	5,913		563	87	313	95	294	95	168		7,291	1,000	21,707	33.6	4.6
4			40	-	5,931		563	87	313	95	294	95	168		7,309	277	19,861	36.8	1.4
5			40		5,931		597	87	341	95	294	95	168		7,371	277	19,519	37.8	1.4
6			23		5,[illegible]16		563	34	313	67	294	95	168		7,307	196	19,581	37.3	1.0
9			23		6,565		563	34	313	67	294	95	168		8,326	196	20,826	40.0	.9
10			15		6,200		566	34	313	67	294	95	168		7,556	196	20,251	37.3	1.0
11			7		7,099		604	34	313	67	294	95	168		8,485	196	21,337	39.8	.9
12			-		7,154		630	34	313	67	294	95	168		8,559	196	21,593	39.7	.9
13					7,002		630	34	313	67	294	95	168		8,407	196	21,365	39.3	.9
16					7,002		645	34	328	67	294	95	168		8,437	196	21,514	39.2	.9
17					6,887		700	34	36	665	294	95	168		8,085	794	22,693	35.6	3.5
18					7,631		857	34	36	665	294	95	168		8,936	794	23,707	37.9	3.3
19					7,641		857	34	36	665	294	95	168		8,956	794	23,616	37.8	3.3
20					7,667		857	34	36	665	294	95	168		9,022	794	26,034	34.6	3.0
23					7,667		887	34	36	665	294	95	168		9,052	794	26,152	34.6	3.0
24					7,659		887	34	36	665	294	95	168		8,844	794	25,919	34.1	3.1
25					7,659		887	34	61	665	319	95	168		8,894	794	25,825	34.4	3.1
26					7,492		1,057	34	131	565	389	95	228		9,297	694	26,349	35.3	2.6
27					5,021		1,096	34	131	515	355	21	263		6,866	570	24,274	28.3	2.3
30					3,150		1,148	34	131	515	355	21	263		5,047	570	22,624	22.3	2.5

Continued

A 32

Soybean oil futures, Chicago Board of Trade: Positions of Allied Crude Vegetable Oil Refining Corporation, by future, daily, October 1, 1962 - November 22, 1963--Continued

(Contracts of 60,000 pounds)

Date	Future														Total open contracts	Positions of Allied Crude Vegetable Oil Refining Corporation as percent of total open contracts	
	1963 October		1963 December		1964 January		1964 March		1964 May		1964 July		Total				
	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short		Long	Short
1963																	
Oct. 1	1,213		2,244	34	131	515	355	21	263				4,206	570	21,254	19.8	2.7
2	519		4,664	-	931	-	824	-	263				7,201	-	24,149	29.8	-
3	491		4,703		931		824		263				7,212	-	24,249	29.7	-
4	491		4,673		951		824		263				7,202	-	24,254	29.7	-
7	239		4,828		951		824		263				7,105	-	24,476	29.0	-
8	286		4,898		951		824		263				7,222	-	24,805	29.1	-
9	210		4,992		971		819		218				7,210	-	24,807	29.1	-
10	185		5,237		971		819		218				7,430	-	25,158	29.5	-
11	143		5,247		981		829		228				7,428	-	25,221	29.5	-
14	111		5,247		983		829		228				7,398	-	25,245	29.3	-
15	98		5,366		983		897		228				7,572	-	25,456	29.7	-
16	65		5,486		1,083		1,027		228				7,889	-	25,715	30.7	-
17	49		5,505		1,102		1,044		228				7,928	-	25,741	30.8	-
18	38		5,568		1,152		1,086		263				8,107	-	25,965	31.2	-
21	36		5,721		1,153		1,038		263				8,331	-	26,237	31.8	-
22	31		5,847		1,201	39	1,138		263				8,480	39	26,561	31.9	.1
23	13		5,863		1,208	49	1,154		254				8,502	49	26,533	32.0	.2
24	2		5,911		1,276	109	1,227		264				8,680	109	26,788	32.4	.4
25	-		5,694		1,278	279	1,234		264				8,470	279	26,933	31.4	1.0
28			5,730		1,339	279	1,255		279				8,603	279	27,118	31.7	1.0
29			5,699		1,364	279	1,255		279				8,597	279	27,153	31.7	1.0
30			5,698		1,850	279	1,458		279				9,285	279	28,244	32.9	1.0
31			5,665		1,883	279	1,467		295				9,310	279	28,258	32.9	1.0
Nov. 1			5,695		1,933	279	1,517		345				9,490	279	28,368	33.5	1.0
4			5,649		1,973	279	1,552		375				9,549	279	28,385	33.6	1.0
5			5,809		2,126	279	1,712		435				10,082	279	28,892	34.9	1.0
6			5,862		2,219	279	1,804		495				10,380	279	29,150	35.6	1.0
7			5,906		2,280	279	1,871		545				10,602	279	29,240	36.3	1.0
8			4,952		2,994	-	1,946		545				10,437	-	28,930	36.1	-
11			4,988		3,108		2,017		635				10,748	-	29,339	36.6	-
12			4,247		3,989		2,210		738				11,184	-	29,813	37.5	-
13			4,162		4,168		2,273		792				11,395	-	30,080	37.9	-
14			3,958		4,266		2,419		807				11,450	-	30,064	38.1	-
15			3,867		4,365		2,745		807				11,784	-	30,324	38.9	-
18			3,776		4,406		2,712		787				11,681	-	30,057	38.9	-
19			1,135	121	3,952		1,952	298	742		19	7,781	438		29,847	26.1	1.5
20			-	121	364		-	293	69		19	433	433		28,881	1.5	1.5
21				64	307			293	69		19	379	376		28,308	1.3	1.3
22				-	-			-	-		-	-	-		26,957	-	-

MAR 18 1954

ADMINISTRATIVELY CONFIDENTIAL

To: George L. Mehren, Assistant Secretary

From: Alex C. Caldwell, Administrator

Subject: Allied Crude Vegetable Oil Refining Corporation - cottonseed oil and soybean oil futures

copy # 200

Attached is a copy of our revised report on the investigation of Allied Crude Vegetable Oil Refining Corporation. To eliminate the need for your re-reading the entire report, I will outline below the various changes which have been made.

1. The cover sheet has been changed to make it clear that this is a report of an investigation and, thus, is subject to Department regulations regarding the confidential treatment of investigative reports.

2. An addition has been made to the penultimate paragraph on page 7 to state the reasons for the price decline which began on November 13.

3. On page 25, the first sentence of the second paragraph has been changed to show that Prime Bleachable Summer Yellow Cottonseed Oil is the type required for delivery on futures contracts.

On the same page, footnote 7 has been added to show the multiple delivery points for cottonseed oil and soybean oil.

4. On page 27, the number of the footnote has been changed from 7 to 8, and the first sentence of the second paragraph of the footnote has been amended to delete the reference to transactions that may not have been "bona fide".

5. At the bottom of page 28, footnotes 9 and 10 have been added.

6. A new paragraph has been added at the top of page 30 to state why we did not examine the soybean oil market to the extent that we did the cottonseed oil market to determine whether there was a corner or squeeze.

On the same page, a final paragraph has been added to cover the question of attempt to corner or attempt to manipulate prices.

copy # 215 for files

Revised copies are being made available to the Secretary and the Under Secretary.

If this report meets with your approval, a copy should be sent to the Department of Justice in accordance with a previous agreement.

cc: Mr. Bagwell, General Counsel - copy # 204
Mr. Condon, Inspector General - " # 205

Alex C. Caldwell

DISTRIBUTION AND CONTROL SHEET FOR CSO AND SBO REPORT, REVISED 3/17/64

200 The Bedrem 3/17

~~201~~ ~~Colson~~ Returned 6/25/64

202 ~~Gruenther~~ Returned

203 Condon, OIG 3/18

204 ~~Berry~~

205 ~~Secretary~~

206 Under Secretary

207 Dept Justice (Herb Brucker) 3/19

208 Ben Robinson OIG

209 " "

210 "

211 "

212 "

213 Dept Justice } Through Berry

214 Dept Treas }

215 Files (CEA) 3/24

216 Ben Robinson OIG

217 " "

~~218~~ ~~Clark~~ Returned 6/3/64

219 Robinson

~~220~~ ~~Colson~~ 9/2/11 Returned 9/3/71 TK

~~Gruenther~~ 5-12-65 Returned 12/64

214 Reassigned to Dorsey 7/3/64

201 ~~Allen~~ 1-14-67 ~~1-5-65~~ Returned

221 John Kroegrole, O I G 10-21-66

222 John Kraynek O I G 10-21-66

223 ~~Robert Shuler~~ (Subpena for 12/3/65) returned 1-2-66 12-1-65

224 Joseph E. Waters - Anti Trust Div. - Justice Dept. - Rm 3217 - Tel 187-3069 Star Bldg - Penn @ 11th

225 Lolita Herbleson OGC (by Mr. Caldwell) 5/6/66

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describe the written agreement if any and the date

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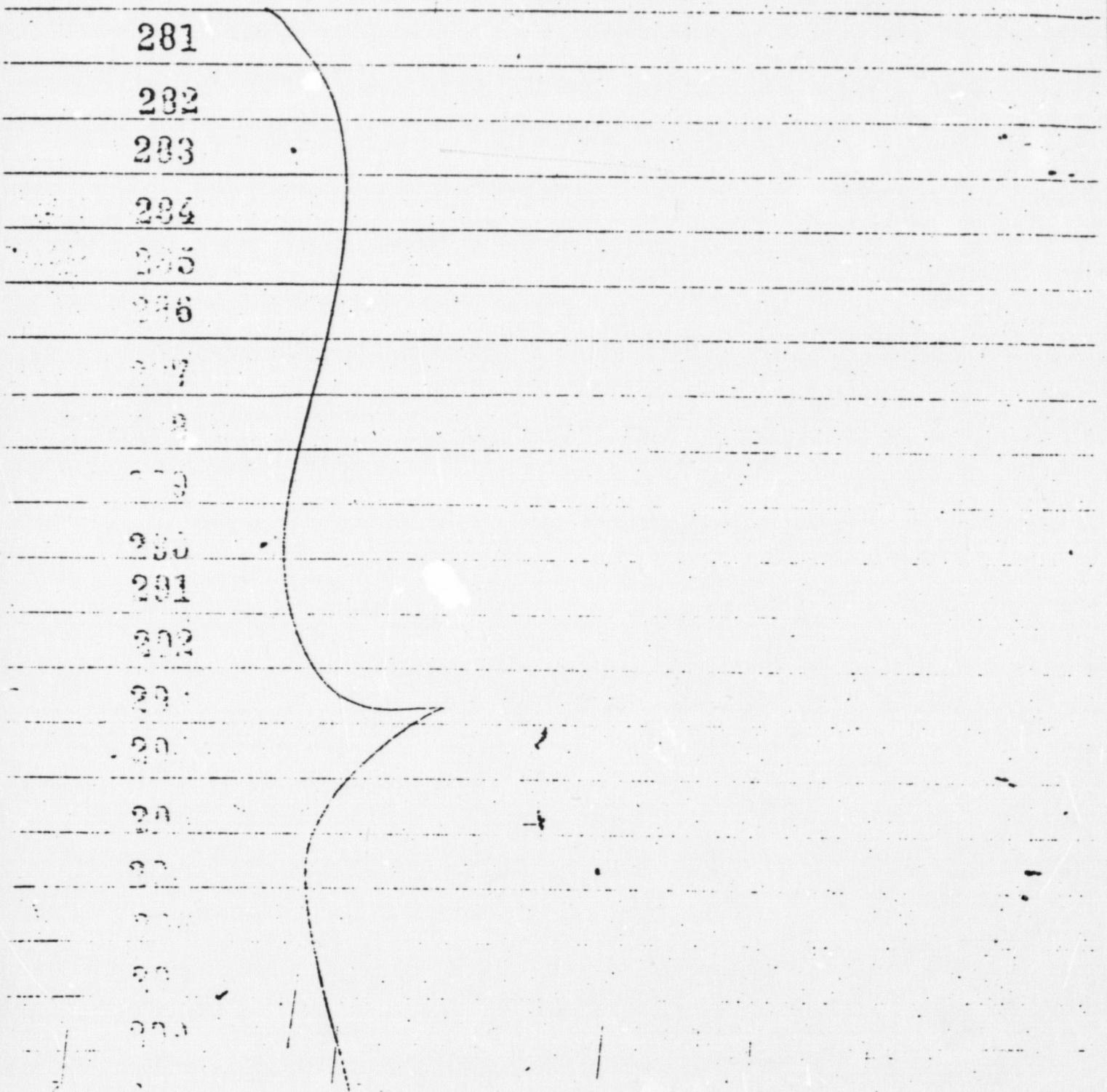
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266

267

Taken to attic 12-29-66

Drawer No. ____


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DEFENDANTS' EXHIBIT 3

[Defendants' Exhibit 3 for Identification Has Been Designated as a Bulky Exhibit. The Portions Contained Herein Are in Evidence and Were Read to the Jury. In Addition, the Interrogatories to Which the Read Portions Related Have Also Been Reproduced. Page Numbers Refer to Defendants' Exhibit 3 for Identification]

(New York County Clerk's Index No. 8510/1965)

Supreme Court of the State of New York

COUNTY OF NEW YORK

CHARLES SELIGSON, as Trustee in Bankruptcy of Ira Haupt & Co., a Limited Partnership, Bankrupt,

Plaintiff,

—against—

THE FIDELITY AND CASUALTY COMPANY OF NEW YORK,

Defendant.

PLAINTIFF'S ANSWERS TO DEFENDANT'S INTERROGATORIES

(Exhibits bound separately)

TOWNSEND & LEWIS
Attorneys for Charles Seligson, Trustee in Bankruptcy of Ira Haupt & Co.
120 Broadway
New York, New York 10005
CO 7-6180

[Preliminary Statement]

* * *

The answers to these interrogatories, except where otherwise specifically designated, are based upon information and belief, the primary sources of such information and belief being: (1) testimony elicited during the Section 21(a) examinations; (2) independent investigations to date by the firm of Townsend & Lewis; and (3) examination of the books and records of Haupt and other investigations by the accounting firm of David Berdon & Co., also appointed by Referee Edward J. Ryan to assist plaintiff in his overall duties as Trustee. Plaintiff has no personal knowledge of the facts and circumstances leading to and culminating in the bankruptcy of Haupt, for, prior to his appointment he had no connection whatsoever with Haupt when it was actively engaged in business as a broker-dealer. [p.3]

* * *

[Brief Statement of Haupt's Losses]

* * *

As a result of the events set forth in these answers Haupt's business was destroyed and it and all its individual general partners were made insolvent. Haupt also was suspended on November 20, 1963 by the New York Stock Exchange for violation of its Rule 325, the so-called "net capital rule" requiring member firms to maintain capital adequate to protect their position and therefore their customers' interests. Eventually Haupt was adjudicated a bankrupt in proceedings which are still pending in the United States District Court for the Southern District of New York (No. 64 B. 259).

The losses referred to above arose in connection with dishonest, fraudulent and criminal acts of certain Haupt employees, fraudulent practices of Mr. DeAngelis, as well as the receipt by Haupt of forged and counterfeit instruments. These losses are covered under the aforementioned Brokers Blanket Bonds and it is for these losses that claim is made by Haupt against F & C. [p.5]

* * *

INTERROGATORY No. 2

With respect to any responsibilities that Jack E. Stevens ("Stevens") may have had for the handling, operation and supervision of Haupt's dealings and relationships with Allied:

(a) state whether such authority was conferred upon him orally or in writing; (b) if orally, state the date(s) when such authority was conferred upon him, the content of the oral communication(s) and the name(s) of the person(s) who conferred such authority upon him; (c) if in writing, identify the document(s) in which such authority was conferred upon him; (d) state the date of each such writing and annex a copy of said writing to the answers to these interrogatories; (e) identify and describe each related company of Allied over whose account Stevens had operational and supervisory responsibility; (f) describe each Allied account—how it worked, what it contained, who were the personnel working on it, what were their specific responsibilities, what was the activity in the account from inception to conclusion, and what interrelationships existed among these accounts; (g) annex a copy of each accounting record and other record in respect of each Allied account.

ANSWER TO INTERROGATORY No. 2

* * *

. . . Mr. Stevens assumed responsibilities with respect to the handling, operation and supervision of the Commodity Department in the middle of July 1963. [p. 38]

* * *

The Haupt partnership acquiesced in his responsibilities with respect to the handling, operation and supervision of the Allied accounts. There is no known writing to this effect. [p. 38]

* * *

INTERROGATORY No. 3

With respect to any reports Stevens may have received regarding the Allied accounts:

(a) state whether such reports were made orally or in writing; (b) if made orally, state the date of each such report, the name(s) of the person(s) who rendered such report and describe the contents thereof; (c) if made in writing, state whether such writing was seen by any Haupt partners and if so, whom; (d) state the date of each such report and the name(s) of the person(s) who made each such report. [p.43]

ANSWER TO INTERROGATORY No. 3

(a) From in or about the middle of July 1963 Mr. Stevens received on a daily basis both oral and written reports directly concerned with the Allied accounts.

(b) The date of each such oral report to Mr. Stevens cannot be specifically designated, but they are believed to have been made one or more times every day. These reports included the following:

(i) Routine day-to-day communications relating, among other things, to position and margin;

(ii) Reports by Mr. Newman (and perhaps by other Haupt employees) that Allied was seeking additional export loans and other types of financing and direct requests by Mr. DeAngelis to the same effect;

(iii) Reports by Mr. Newman (and perhaps by other Haupt employees) in or about September 1963 that Allied desired Haupt to accept product margin.

(iv) Reports by Mr. Newman (and perhaps by other Haupt employees) at various dates that Allied wanted to increase the periodic limits imposed by Mr. Stevens on its futures position at Haupt;

(v) Reports by Haupt personnel regarding proposed ex-pit transactions in which Allied desired to engage through Haupt.

(vi) A report by Mr. Berg of the New York Produce Exchange in late September 1963 concerning the dangers implicit in Haupt's financial exposure in connection with the futures position it carried for Allied, and

of the need for establishing that Allied's position was a legitimate hedge.

(vii) Reports by Mr. Berg and by Mr. Weinstein, of the New York Produce Exchange Clearing Association, on October 15 and 16, 1963, respectively, regarding the danger implicit in Haupt's financial exposure in connection with the futures position carried for Allied and concerning the potential impact upon Haupt of the escalated margin requirements which had been announced on

or about October 10, 1963, to become effective on November 15, 1963. These escalated margin rates would require Haupt to put up substantially increased amounts of margin starting with the close of business on November 15, 1963. The rates of margin which were to be in effect starting on that date were as follows: [p. 43-45]

* * *

(viii) A report by telephone sometime during the week of October 20, 1963 by Mr. Barton (who was absent from the office during the period of September 27, 1963 to November 11, 1963 due to serious illness—See No. 14, *infra*) stating that the Allied futures position at Haupt was becoming too large and the financial exposure too great, and further suggesting to Mr. Stevens various methods of reducing Haupt's exposure;

(ix) Frequent reports by Mr. Goldfogle, an independent floor broker, throughout the fall of 1963 that Haupt should "put on the brakes" with respect to permitting a further increase in the cottonseed oil futures position maintained by Allied in the firm, because the resulting financial exposure to Haupt was too great;

(x) Reports by Mr. Beetz, throughout the period of Mr. Stevens' control over the Allied accounts, as to the financial needs of Haupt arising from the growing activity in the accounts and Haupt's relationships with various banks with respect to such needs, as well as concerning the technical aspects of the financing of these needs, including the necessity for documentation such as registered and non-registered warehouse receipts, bills of lading, verifications of insurance, forward sales contracts and promissory notes;

(xi) Mr. Barton's recommendation on November 11, 1963 that the Allied regulated account should be frozen immediately;

(xii) An inquiry by Mr. Beetz on November 15, 1963 as to whether three Allied checks in the aggregate amount of $1,151,000 (which were uncertified and therefore tendered contrary to established procedure), received by Haupt from Allied in connection with margin calls made as of the close of business on November 14, 1963, should be certified and deposited in order to make the proceeds immediately available to Haupt;

(xiii) A report by Mr. Barton on November 15, 1963 that in his opinion the market could drop considerably that day;

(xiv) A report by Mr. Barton on November 15, 1963 that his next weekly commodity market letter was going to advise Haupt's customers to sell soybean and cottonseed oil futures;

(xv) A report by Mr. Newman on November 15, 1963 to the effect that a representative of Allied (probably Mr. Rotello) had told him that Allied was experiencing financial difficulties and that Allied's officials were to meet on Saturday, November 16, in an attempt to work out these financial difficulties. The same information was given Mr. Stevens by Allied on the same day;

(xvi) A report by Mr. Rotello on November 16, 1963 to Messrs. Newman and Stevens to the effect that Allied was having financial difficulties to which the officers of Allied did not have any solution;

(xvii) Reports by Mr. Beetz on November 18 and 19, 1963 regarding Allied's failure to provide funds to meet outstanding margin calls of November 14, 15 and 18, and requesting instructions from Mr. Stevens;

(xviii) Numerous reports by Messrs. Barton, Newman and Schwartz (and by other Haupt employees) on November 18 and 19, 1963 concerning the financial predicament of Allied, the deteriorating commodity market conditions and the status of the Allied accounts, including Allied's failure to meet margin calls; and

(xix) Throughout this period Mr. Stevens was repeatedly and fully informed of all relevant matters regarding the Allied accounts and Haupt's current and increasing indebtedness and exposure, as well as of Allied's withdrawals from Haupt of excess variation margin generated by the rising market through November 14, 1963. Nevertheless, as Mr. Stevens received this information he failed to inform the partners of Haupt of relevant facts or of the significance of this information regarding the firm's financial structure and the potential exposure. Mr. Stevens did not suggest or take any action to protect them or their firm. Mr. Stevens, in fact, actually took significant actions that increased Haupt's difficulties or were illegal, as set forth in the answers herein. Mr. Stevens did not report his taking of these affirmative actions to the partners of Haupt.

(c) No Haupt partner saw any such written reports. [AP45-42]

* * *

INTERROGATORY No. 8

State whether any oral or written reports and communications concerning commodities transactions in whole or in part were made or submitted by Haupt during the period from January 1, 1962 through November 20, 1963 to the (1) New York Stock Exchange, (2) Chicago Board of Trade, (3) New York Produce Exchange and (4) any other exchange, clearing association, governmental or industry body: (a) if so, state the date when any such report or communication was made or submitted; (b)

state the name(s) of the employee(s) or partner(s) of Haupt who made or prepared such report(s) or communication(s); (c) state the name of any Haupt partner who was apprised of or shown or approved such report or communication or who received a copy thereof; (d) describe the contents of any such oral report or communication. [P.7]

Answer to Interrogatory No. 8

* * *

(iv) On November 19, 1963 Messrs. Brenner and Kaufman met with officials of the New York Produce Exchange and the New York Produce Exchange Clearing Association. [P.58]

* * *

INTERROGATORY No. 12

With respect to whether Stevens may have improperly released funds to Allied when Allied was indebted to Haupt for substantial amounts:

(a) state the date(s) when each such release of funds to Allied was made, the amount involved, and in each case, whether any Haupt partners had knowledge of the event or participated therein and if so, state the name of such partner(s); (b) state the total amount of indebtedness from Allied to Haupt immediately prior and immediately after each occasion where a release of funds was made; (c) state whether such funds were released directly by Stevens or by another Haupt employee(s) acting on instructions from Stevens; (d) if such funds were released by a Haupt employee(s) acting on instructions from Stevens, state the name(s) of such employee(s); (e) state whether such instructions were given orally or in writing; (f) if in writing, state the date of each such writing; (g) state the name of any Haupt partner who was apprised of or shown or approved such writing or instructions or who received a copy thereof; (h) if such instructions were given orally, describe them; (i) state the reasons for such release of funds; (j) state the reasons why such release was improper.

Answer to Interrogatory No. 12

* * *

(i) It would appear that these funds represented excess variation margin.

(j) Such releases were improper because they were made at a time when:

(i) Allied's total indebtedness to Haupt exceeded $2,500,000, the limit set forth in the Letter of Intent, and the non-regulated account reflected debit balances in excess of $3,000,000;

(ii) Allied had not paid in full to Haupt the original margin which Haupt had remitted to the New York Produce Exchange Clearing Association and to its Chicago brokers; and

(iii) Mr. Stevens knew that escalated margin requirements were to be put into effect by the New York Produce Exchange Clearing Association on November 15, 1963, which, considering the number of contracts held by Haupt, would, and did, result in an additional margin obligation of approximately $2,800,000. Mr. Stevens was repeatedly informed of the consequences of said increase upon Haupt's financial condition. [A67-68]

* * *

INTERROGATORY No. 15

With respect to whether Stevens may have directed other Haupt employees to obtain substantial loans from various banks and to use the proceeds thereof in violation of various penal provisions, Rules of the New York Stock Exchange and agreements between Haupt and said banks:

(a) state the day and hour each day loan was obtained by Haupt as of November 18 and 19, 1963, whether an extension was granted as to any such loan, the amount of each loan, the name of the lending bank and describe the written agreement, if any, in respect thereof, state the amount of each such day loan presently outstanding, the amount of the repayment on each such day loan recov-

ered as a voidable preference under the Bankruptcy Act and:

(1) state the name(s) of Haupt's representative(s) who made application to said banks for such day loans; (2) state the name(s) and title(s) of the representative(s) of said banks to whom application was made for such day loans; (3) state the date(s) on which application was made for such day loans; (4) state the time(s) and place(s) at which application was made for such day loans; (5) state whether application made to said banks for such day loans was made orally or in writing; (6) if made orally, describe each such application; (7) if made in writing, state whether such writing was seen by any of the Haupt partners and if so, whom; (8) state the name(s) of Haupt's representative(s) who signed an agreement on behalf of Haupt setting forth a promise to repay such day loans; (9) state whether Stevens' instructions to Edmund Beetz and George Plave to utilize the proceeds of such day loans were given orally or in writing; (10) if given orally, describe such instructions; (11) if given in writing, state whether such writing was seen by Haupt partners and if so, whom; (12) state whether such instructions were made with the knowledge of or communicated to any other Haupt representative and if so, state the name of such representative; (13) state the purposes for which the proceeds of such day loans were utilized; (14) state in what way and by what extent the proceeds of such day loans were used in violation of any (i) penal provision, (ii) any Rule of the New York Stock Exchange and (iii) any agreement between Haupt and the respective lending banks and if so, state the official citation of any such penal provision, identify the Rule so violated and identify the agreement(s) between Haupt and the respective lending banks so violated; (iv) any custom(s) at Haupt; (v) any custom(s) in the financial community; and describe said custom(s);

(b) state whether day loans had been obtained by Haupt during the period from September 1 through November 15, 1963; if so, state the date of the loan, whether an extension was granted as to any such loan, the amount of the loan, the name of the lending bank and

describe the written agreement, if any, and the date thereof; state the amount of each such day loan presently outstanding, the amount of the repayment on each such day loan recovered as a voidable preference under the Bankruptcy Act and:

(1) state the name(s) of Haupt's representative(s) who made application to said banks for such day loans; (2) state the name(s) and title(s) of the representative(s) of said banks to whom application was made for such day loans; (3) state the date(s) on which application was made for such day loans; (4) state the time(s) at which application was made for such day loans; (5) state whether application made to said banks for such day loans was made orally or in writing; (6) if made orally, describe each such application; (7) if made in writing, state whether such writing was seen by any of the Haupt partners and if so, whom; (8) state the name(s) of the Haupt representative(s) who signed any agreement on behalf of Haupt setting forth a promise to repay such day loans; (9) state the name(s) of Haupt's representative(s) who had knowledge of such day loans; (10) state the purposes for which the proceeds of such day loans were utilized;

(11) state whether, in what manner and by what amount the proceeds of such day loans were used in violation of any (i) penal provision, (ii) Rule of the New York Stock Exchange, and (iii) any agreement between Haupt and the respective lending banks and if so, state the official citation of any such penal provision, identify the Rule so violated and identify the agreement(s) between Haupt and the respective lending bank so violated; (iv) any custom(s) at Haupt, (v) any custom(s) in the financial community; and describe said custom(s);

(c) state the amount of each overnight loan obtained as of November 18, 1963, the time the loan was extended, the amount of the loan, the name of the lending bank, the name of each security pledged or hypothecated, the number of shares of each such security, the registered holders and beneficial holders, the certificate numbers of such shares, the total market value of such shares as of November 18, 1963, and describe the written agreement, if any, in respect thereof, the amount of such overnight loan presently outstanding, the amount of the repayment on each overnight loan recovered as a voidable preference under the Bankruptcy Act, and:

(1) state the name(s) of Haupt's representative(s) who made application to said banks for such overnight loans; (2) state the name(s) and title(s) of the representative(s) of said banks to whom application was made for such overnight loans; (3) state the date(s) on which application was made for such overnight loans; (4) state the time(s) at which application was made for such overnight loans; (5) state whether application made to said banks for such overnight loans was made orally or in writing; (6) if made orally, describe each such application; (7) if made in writing, state whether such writing was seen by

any of the Haupt partners and if so, whom; (8) state whether Stevens' instructions to Messrs. Beetz and Plave to secure said overnight loans through the pledge or hypothecation of Haupt's customers fully paid securities were given orally or in writing; (9) if given orally, describe the contents and if given in writing, state whether such writing was seen by any of the Haupt partners and if so, whom; (10) state whether such instructions were communicated by Beetz or Plave to other Haupt representative(s) and if so, state the name(s) of such Haupt representative(s); (11) if communicated orally, describe such communication; (12) if communicated in writing, state whether such writing was seen by Haupt partners and if so, whom; (13) state the name(s) of Haupt's representative(s) who removed or supervised the removal of Haupt's fully paid customers' securities from Haupt's vault; (14) state the name(s) of Haupt's representative(s) who delivered said securities to the banks; (15) state the time(s) at which said securities were delivered to the banks and name the banks; (16) state what securities were returned to Haupt and the time(s) at which said securities were returned to Haupt; (17) state the name(s) of the person(s) who returned said securities to Haupt and the banks represented; (18) state whether such pledge or hypothecation violated any penal provision and, if so, identify said penal provision by its official citation; (19) state whether, in what manner and to what extent such pledge or hypothecation was a violation of any of the provisions of the Securities Exchange Act of 1934 and, if so, state the official citation; (20) state whether, in what manner and to what extent such pledge or hypothecation was a violation of any of the rules and regulations of the Securities and Exchange Commission and, if so, identify the rule and regulation so violated; (21) state whether, in

what manner and to what extent the pledge or hypothecation was a violation of any custom(s) at Haupt and custom(s) in the financial community and a violation of the rules and regulations of any Exchange and if so, describe the custom(s), state the name of each such Exchange and identify the particular rule and regulation of such Exchange that was so violated; (22) state whether, in what manner and to what extent such pledge or hypothecation was a violation of any agreement between Haupt and the respective lending banks and, if so, identify the agreement(s) so violated.

(d) state whether overnight loans had been obtained by Haupt during the period September 1, 1963, through November 15, 1963; if so, state the date of the loan, the time the loan was extended, the amount of the loan, the name of the lending bank, the name of each security pledged or hypothecated, the number of shares of each such security, the registered holders and beneficial holders in each case, the certificate number of such shares, the total market value of such shares as of the date pledged or hypothecated, and describe the written agreement, if any, the amount of such overnight loans presently outstanding, the amount of the repayment on each overnight loan recovered as a voidable preference under the Bankruptcy Act, and:

(1) state the name(s) of Haupt's representative(s) who made application to said banks for such overnight loans; (2) state the name(s) and title(s) of the representative(s) of said banks to whom application was made for said overnight loans; (3) state the date(s) on which application was made for such overnight loans; (4) state the time(s) at which application was made for such overnight loans; (5) state whether application made to said banks for such overnight loans was made orally or in writing; (6) if made orally, describe each such application; (7) if made in writing, identify same; (8) state the name(s) of Haupt's representative(s) who gave and received instructions to secure said overnight loans; (9) if given orally, describe same; (10) if given in writing, state whether such writing was seen by or given to any of the Haupt

partners and if so, whom; (11) state the name(s) of Haupt's representative(s) who removed and supervised the removal of said securities from Haupt's vault; (12) state the name(s) of Haupt's representative(s) who delivered said securities to the banks; (13) state the time(s) at which said securities were delivered to the banks; (14) state what securities were returned to Haupt and the time(s) at which said securities were returned to Haupt; (15) state the name(s) of the person(s) who returned said securities to Haupt and the bank(s) represented; (16) state whether, in what manner and to what extent such pledge or hypothecation violated any penal provision and, if so, identify such penal provision by its official citation; (17) state whether, in what manner and to what extent such pledge or hypothecation was a violation of any of the provisions of the Securities Exchange Act of 1934 and, if so, state the official citation; (18) state whether, in what manner, and to what extent such pledge or hypothecation was a violation of any of the rules and regulations of the Securities and Exchange Commission and, if so, identify the rule and regulation so violated; (19) state whether, in what manner and to what extent such pledge or hypothecation was a violation of any custom(s) of Haupt and custom(s) in the financial community and any of the rules and regulations of any Exchange, and if so, describe the custom(s) and state the name of each such Exchange and identify the particular rule and regulation of the Exchange that was so violated; (20) state whether, in what manner and to what extent such pledge or hypothecation was a violation of any agreement between Haupt and the respective lending banks and, if so, identify the agreement(s) so violated;

(e) with respect to the matters covered in the foregoing subparagraphs (a) through (d), state whether any Haupt partners (name them) had knowledge of the matters and whether any Haupt partners (name them) participated in the decisions made on behalf of Haupt respecting the said loans.

(f) with respect to subparagraphs (c) and (d), describe the practices followed at Haupt in respect of the segregation of securities, state exactly how long securities were segregated, the type of securities that were in the segregation box, indicating the manner in which the registered

holder and the beneficial owner was designated and whether Haupt's practices during 1963 and on November 18 and 19, 1963 accorded with the customs of the financial community and if not, specify the customs and the manner in which Haupt's customs varied therefrom.

(g) with respect to the information requested in subparagraphs (a) through (f), describe the books, records of account and documents which support the responses thereto. [pp 79-86]

Answer to Interrogatory No. 15

* * *

(c)

* * *

None of the overnight loans of November 18 is presently outstanding. They were paid off by use of the proceeds of day loans taken out by Haupt on November 19, 1963. For discussion of voidable preference, see (a), *supra*. [p 92]

* * *

(16) All the securities pledged with the banks for the purpose of obtaining overnight loans on November 18 were subsequently returned to Haupt.

(17) Unknown.

(18) Yes; Section 8(c) of the Securities Exchange Act of 1934, 15 U. S. C. §78(h)(c); New York Penal Law §956 (improperly pledging, hypothecating or disposing of customers' securities); New York Penal Law §1290 (definition of larceny); and New York Penal Law §1292-a (issuing fraudulent check, draft or order).

(19) The hypothecation of customers' fully-paid securities as collateral for overnight loans on November 18 was in violation of Section 8(c) of the Securities Exchange Act of 1934, 15 U.S.C. §78(h)(c).

(20) Yes: the hypothecation of customers' fully-paid securities in connection with overnight loans was in violation of Rule 8c-1 of the Securities Exchange Commission.

(21) Yes; to the extent there was any violation of the regulatory statute, it would also run counter to customs of Haupt as well as of the financial community. This pledge also violated New York Stock Exchange Rule 402. [pp 94-95]

* * *

INTERROGATORY No. 16

With respect to whether Stevens may have failed to reveal to and may have actively concealed from the partners of Haupt the material facts relative to Allied's indebtedness to Haupt and Haupt's exposure by reason of its dealings and relationships with Allied:

(a) describe each of Stevens' failures to reveal facts relative to Allied's indebtedness and describe each active concealment in which he engaged and in connection with each such incident, specify what Stevens should have done and how and to what amount this would have prevented or reduced loss; (b) state who handled on behalf of Haupt the "ex-pit" transaction with Ralph Peters & Co. on September 25, 1963 and the details thereof, and:

(1) state whether such person received instructions concerning such transaction either orally or in writing and if so, from whom and whether any Haupt partner (give name) participated in the decision to issue such instructions; (2) if such instructions were received orally, describe them; (3) if in writing, identify same and state whether such writing was seen by any Haupt partners and if so, whom; (4) state whether any other Haupt employee or partner had knowledge of this transaction and if so, when such knowledge was acquired and under what circumstances, state in which manner the details and results of the so-called "ex-pit" transaction with Ralph Peters & Co. on September 25, 1963 were kept from the partners of Haupt and not embodied in records available to such partners; (5) state the name(s) of Haupt employee(s) who prepared or assisted in the preparation of the September 26, 1963, New York Stock Exchange financial questionnaire; (6) state the name(s) of the Haupt partners who were shown or approved said questionnaire or received a copy thereof and the date on or about which each such partner was shown or approved such questionnaire or received a copy thereof; (7) state the name(s) of the Haupt employee(s) who prepared or assisted in the preparation of the monthly financial statement for the months of September and October, 1963, and when the same were seen by Haupt partners; (8) state the name(s) of Haupt's partner(s) who were shown or received a copy of the September and October, 1963, financial statements and the date on or about which each was shown or received a

copy of such statement; (9) state who handled on behalf of Haupt the reacquisition of the 2,454 cottonseed oil contracts on September 30, 1963, and the details thereof; (10) state whether any Haupt partner participated in said transaction, name the partner(s); (11) state whether some Haupt employee was acting under instructions from Stevens; (12) if so, state whether said instructions were given orally or in writing; (13) if in writing state whether said writing was seen by any of the Haupt partners and if so, whom; (14) state whether any of the Haupt partners had knowledge of said transactions, state the name of each said partner and if he had such knowledge, the date on or about which he first learned of the transaction and the circumstances of his learning.

(c) with respect to the loans of $2½ million that were repaid by Allied on October 31, 1963 and the reinstitution thereof on November 4, 1963, state the date(s) when said loans were made, the amounts thereof, and the due date(s), if any, of such loan(s) and:

(1) state whether Stevens or another Haupt representative requested Allied to make the payments made on October 31, 1963, whether any Haupt partner(s) participated in the decision to make the request, name the partner(s); (2) if such request was made by a Haupt employee other than Stevens or by a Haupt partner, state the name thereof and state whether he was acting under instructions from Stevens; (3) state the name(s) of Allied's rpresentative(s) to whom said request was communicated; (4) state whether said request was made orally or in writing; (5) if made orally, describe the request and indicate the date when said request was made; (6) if made in writing, state whether said writing was seen by any of the Haupt partners and if so, whom; (7) state the name(s) of Allied's representative(s) who made the request to Haupt for a loan of $2,500,000 (which loan was made on November 4, 1963) and the names of the person(s) to whom the request was made; (8) state the date when such request was made; (9) state whether the request was made orally or in writing; (10) state the reasons, if any, given by Allied to Haupt for the loan; (11) if made in writing, state whether said writing was seen by any of the Haupt partners and, if so, whom; (12) state whether Allied's request for such a loan was known to any of Haupt's partners and if so, state the name(s) of such

partner(s) and the date when such partner(s) acquired such knowledge and the circumstances under which such knowledge was obtained; (13) if any of the Haupt partners did not participate in this transaction, state the reasons for the lack of participation.

(d) state the date and the amount of each so-called "short term" loan made by Haupt to Allied and:

(1) state the name(s) of Allied's representative(s) who requested each such short term loan from Haupt, and the date when when and person to whom each request was made; (2) state whether each such request was made orally or in writing; (3) state the reasons, if any, given by Allied to Haupt for the loan; (4) if in writing, state whether said writing was seen by any of the Haupt partners and, if so, whom; (5) state whether any of Haupt's partners had knowledge of each such loan; (6) if so, state the name of each partner and the loans of which he had knowledge, the date that he obtained such knowledge and the circumstances under which such knowledge was obtained; (7) if any of the Haupt partners did not participate in these transactions, state the reasons for the lack of participation; (8) state the terms of each such loan.

(e) describe in each respect how Stevens misled Kamerman during the month of November, 1963, into believing that Haupt was fully protected by reason of its transactions with Allied and:

(1) state each date on which Stevens misled Kamerman by means of oral communications and describe each communication; (2) state each date on which Stevens misled Kamerman by means of a written communication; (3) state whether any Haupt partner had knowledge of the subject matter respecting which Stevens misled Kamerman and if so, state the name of such partner and the date on which he acquired said knowledge and under what circumstances such knowledge was obtained.

(f) describe each major financial decision and the date thereof made by Stevens during the fall of 1963 when Kamerman was absent from the office on a holiday or for observing Jewish religious days or for any other cause and:

(1) state whether any Haupt partner had knowledge of the subject matter with which such decision(s) was concerned and if so, state the name of such partner and the date on which he acquired said knowledge and under what circumstances such knowledge was obtained; (2) state the dates in the fall of 1963 when Kamerman was absent from the office on a holiday or observing Jewish religious holidays or for any other cause; (3) state who discharged Kamerman's responsibilities at Haupt in his absence; (4) state the date(s) when Kamerman became aware of the decisions made during his absence(s). [pp. 97-101]

ANSWER TO INTERROGATORY No. 16

* * *

(b)

* * *

As a result of the transaction, Haupt's answers to the New York Stock Exchange questionnaire of September 26, 1963 reflected a reduction of 2,950 cottonseed oil contracts (inclusive of the 2454 contracts referred to above) in the outstanding futures position of Allied, from 5,483 contracts having a market value of $42,800,000 to 2,533 contracts having a market value of $20,000,000.

On September 30, 1963, after the effective date of the September 26, 1963 questionnaire, Mr. Stevens authorized the purchase of 2,454 December cottonseed oil contracts from Peters and thus reestablished the previous Allied position. The Haupt partners and New York Stock Exchange officials therefore could not know or understand the magnitude of Haupt's open position by reference to the answers to the New York Stock Exchange questionnaire. When the position was reimposed on September 30, 1963, Mr. Stevens failed to inform the New York Stock Exchange.

The accounting effect of the foregoing transaction was, in fact, so misleading as to result in an increase of $900,000 in the credit balance of the regulated account. [pp. 106]

* * *

INTERROGATORY No. 24

With respect to Clauses A, B, C, D and E of the brokers blanket bonds:

(a) state the date, amount and provide a complete description of each loss sustained by Haupt under Clauses A, B, C, D and E together with designation of the particular bond referred to as covering the loss and describe in what manner the loss and the amount thereof have been established; (b) describe each dishonest, fraudulent or criminal act of any of Haupt's employees, the date thereof, the name of each said employee who committed each said dishonest, fraudulent or criminal act, and in each case state whether the particular act is dishonest or fraudulent or criminal or a combination of two or more, identifying which two or more, and state further what facts support that characterization of the particular act(s) under the bond(s); describe each act which is covered under Clauses B, C, D and E, the dates thereof, the name of each person who committed such act, and, with respect to Clauses B and C, describe the acts constituting each robbery, common law larceny, statutory larceny, theft, hold-up or other fraudulent means, describe the property lost by Haupt while the property was on premises, and the physical location of such property on the premises, describe the property lost by Haupt while in transit, state where such property was being transported from and its intended destination together with the means of transit, including the name(s) of the person(s) who had custody of such property while in transit and the exact point during transit at which such property was lost; with respect to Clause D, describe the written instructions or advices directed to Haupt, authorizing or acknowledging the transfer, payment, delivery or receipt of funds or property which were forged or altered, specifying (i) what documents were written instructions and what documents were advices; (ii) whether such documents were forged or altered; (iii) the facts supporting the conclusion such were forged or altered, indicating the names of persons committing and abetting such forgery or alteration; (iv) which of said documents authorized, and which acknowledged, the transfer, payment, delivery or receipt of funds or property, indicating in each case whether funds or property was involved and whether transfer, payment, delivery or receipt was involved, the facts which support the characterization

bringing the acts under the particular sections of the bonds and any records, documents, papers or other writings relied upon to support such characterization; (c) identify by citation to the applicable criminal statute or penal code each criminal act that was committed by any Haupt employee or other person which comes under said Clauses together with a description of the act(s); (d) state whether any of the acts by Haupt's employee(s) invoking Clause A coverage or any act invoking Clause B, C, D, or E coverage was done with the aid or assistance of any person other than the one committing the act; (e) if so, state the name, present residence and business address and the name of the employer at the time of said act of (i) the person(s) who aided or abetted and the manner in which such assistance was given (ii) any person who had knowledge thereof; (f) state the date when the insured under each bond first learned of each said loss; (g) describe the circumstances, including the sources of information, of how said insured acquired knowledge of each said loss; (h) state the name of the person(s) who while acting as or on behalf of the insured learned of such loss; (i) describe the specific relationship between each act covered under Clause A, B, C, D and E of the bonds and a specific established dollar loss to the insured, setting forth the details supporting the conclusion that the said act and said loss in each case are specifically covered by the terms and conditions of the bonds. [pp. 129-131]

ANSWER TO INTERROGATORY NO. 24

* * *

(a)

* * *

Haupt became insolvent in connection with its business relationships with Allied, transactions in the Allied accounts, the manner in which these transactions were conducted and the methods by which they were processed and documented, as described with particularity in the answers to these interrogatories. As a consequence of the foregoing, Haupt's business was destroyed, the firm was suspended by the New York Stock Exchange on November 20, 1963 and subsequently by all securities and commodities exchanges of which it had been a member, and finally, Haupt was adjudicated a bankrupt. [pp. 131-132]

* * *

INTERROGATORY No. 36

State how much money was earned by Haupt from the Allied accounts prior to November 15, 1963; state what proportion of Haupt's total monthly earnings for the one month period preceding November 1, 1963 was represented by the earnings from the Allied accounts; state what were the earnings (a) from the Allied accounts for the period November 1 through November 15, 1963 and (b) from other accounts. [p.149]

ANSWER TO INTERROGATORY No. 36

Haupt earned both gross commissions on Allied transactions and interest from loans to Allied prior to November 15, 1963.

Interest on export loans amounted to approximately $98,000.

Gross commissions from the regulated account amounted to approximately $630,000.

The commissions earned by Haupt from the regulated account for the period October 1, 1963 through October 31, 1963 constituted 13.4% of Haupt's gross income for that period.

For the period November 1 through November 15, 1963, the gross commissions from the Allied regulated account amounted to approximately $215,000 and from other accounts approximately $660,000. [p.149]

INTERROGATORY No. 65

Describe the details supporting any allegation that Stevens wilfully secreted three uncertified checks of Allied received in response to the $1,151,000 Haupt demand on November 14; state how Stevens' forwarding the said uncertified checks to the bank for deposit in Haupt's account would have been consistent with the pattern at that time established with Allied for accepting payment only by wired funds; state how and to what amount said forwarding of checks for deposit would have diminished the loss to Haupt; state the circumstances under which the three uncertified checks were found under Stevens' desk blotter, the exact time(s) at which each such check was found and the identity of the person(s) who found each such check; state who else knew that they were not deposited; describe the circumstances supporting any allegation that Stevens secreted them. [p.170]

ANSWER TO INTERROGATORY No. 65

On November 15, 1963 Haupt received three checks totaling $1,151,000 from Allied by messenger, purportedly in payment of the margin call in that amount made by Haupt on November 14. Upon their receipt, Mr. Beetz requested authorization from Mr. Stevens to have these checks certified. Mr. Stevens refused to grant this authorization. Mr. Stevens told Mr. Beetz that he would take care of the matter and that Mr. Beetz should forget about it. Mr. Stevens took the checks into his possession and placed them under his desk blotter, where they were found on or about February 12, 1964 by Mr. Kamerman. Apparently no one had any further knowledge of or contacts with these checks during the intervening period. [P. 170]

* * *

INTERROGATORY No. 67

Describe the details supporting any allegation that Stevens did not have the authority or approval of any partners of Haupt to make all decisions on the Allied accounts. [P. 173]

ANSWER TO INTERROGATORY No. 67

Mr. Stevens had the approval of the partnership to make decisions regarding Haupt's financing of Allied only so long as he complied with the terms and conditions of the Letter of Intent.

Mr. Stevens was not a partner. Thus the authority delegated to him was limited to that delegated to a senior supervisory employee. Such delegation of authority did not include the power independently to make decisions which were required to be made by the managing partner. As his authority was limited, Mr. Stevens had an obligation to reveal to the managing partner the material facts and circumstances of the Allied accounts. The partners did not give Mr. Stevens authority to make major decisions with respect to the Allied accounts—without their knowledge and prior approval. Mr. Stevens was an employee, subject to normal limitations of his position, under the obligation to accurately and promptly inform his principals when any business decision was required. Mr.

Stevens repeatedly failed to fulfill these obligations to the Haupt partners. As the senior employee of Haupt in terms of responsibility, Mr. Stevens' obligations and conduct must be measured in the light of the judgment expected of an employee in his senior position and the manner in which he failed to fulfill the justifiable expectations of his employers in that respect. [pp. 173-174]

* * *

INTERROGATORY No. 70

Describe the details of any scheme and artifice to defraud Haupt by Allied and others. [p. 174]

ANSWER TO INTERROGATORY No. 70

From the inception of the business relationship between Haupt and Allied at the very latest, Mr. DeAngelis and Allied put into operation a series of devices, schemes and artifices to defraud Haupt. These include:

(i) Advising Haupt that each and every futures transaction which Allied would request Haupt to execute would be a legitimate hedge;

(ii) Making and uttering forged and counterfeit warehouse receipts;

(iii) Making and uttering forged and counterfeit forward sales contracts;

(iv) Making and uttering counterfeit verifications of insurance;

(v) Making and uttering counterfeit letters of guarantee.

(vi) The making of personal representations by Mr. DeAngelis and Allied that the forward sales contracts given to Haupt were in full force and effect and were unencumbered;

(vii) Maintaining cottonseed oil and soybean oil markets at artificially high levels;

(viii) Increasing to artificial levels the market in cottonseed oil and soybean oil futures, thereby causing the release of funds to Allied which permitted Allied to further increase the market by buying additional contracts;

(ix) Employing other devices, schemes and artifices which have not been fully explored by plaintiff to date; and

(x) Employing various schemes, artifices, devices and manipulations on the Allied premises and on the premises of Warehousing (and its predecessor American Express Field Warehousing Corporation) Harbor Tank and of related companies in the Allied complex. [pp. 174-176]

* * *

DEFENDANTS' EXHIBIT 4A

1009e

Exhibit 10

ALLIED CRUDE VEG OIL REFINING CORP. 69-003630-81

COMMODITY CONTRACT CARD

IRA HAUPT & CO. SY 5 22 JUNE 28 1963.

(and Successors in business)

In consideration of your carrying an account or accounts for the undersigned, as opened or reopened from time to time, I/we hereby agree that:

1. All transactions shall be subject to (a) all applicable Federal and State laws and the regulations of any Government agency issued with respect thereto, and (b) the constitution, by-laws, rules, regulations, customs and usages of the exchange or market (and its clearing house, if any) where executed.

2. Until further notice in writing, you are authorized at any time and from time to time, without prior notice to me/us, to transfer from or to my/our Regulated Commodity Account to or from any other account, such amount of security or credit as, in your judgment may be desirable to avoid the calling of margins for such other account, or to reduce or completely liquidate a debit balance therein; provided, however, that within a reasonable time after making any such transfer, you will confirm in writing to me/us. By "Regulated Commodity" is meant any commodity covered by the Commodity Exchange Act at the time of such transaction. Subject to the foregoing provisions, all monies, securities, commodities or other property held by you from time to time for me/us (either individually or jointly with others) shall constitute security for all my/our liabilities to you, including contingent liabilities with respect to any account guaranteed by me/us; and all or any part of such collateral may from time to time and without notice to me/us be pledged or repledged by you either separately or commingled with the property of others, in your general loans, without limitations as to amount, and without your retaining possession or control of property of like kind and amount.

3. All margin calls made by you (which shall be considered made upon your mailing or telegraphing the same to me/us at my/our address below stated or such other address as may hereafter be confirmed to you in writing) will be met promptly by me/us; and you may, whether or not a margin call has been made, liquidate my account or accounts or any part thereof at public or private sale without notice, call, or advertising of any kind when (a) you shall have received notice of my/our death, incapacity, or of the appointment of a receiver or trustee in bankruptcy for me/us, or upon the filing of an attachment against my/our property, or an assignment by me/us, for the benefit of creditors, or (b) margins in your judgment, are insufficient for your protection, or (c) upon my/our failure fully to respond to any margin call made by you.

4. In the event that I/we are "short" in the month of delivery, I/we will furnish you with complete delivery documents at least two days before the last trading day of such month, and

(over)

FRONT

in default thereof, you may without further demand or notice to me/us close out the contracts or procure the actual commodity for delivery upon any terms and by any feasible method.

5. The net credit or debit in connection with future contracts shall be calculated at the prevailing market prices and in accordance with custom, and shall be taken into account in determining my/our equity. All confirmations and statements of account shall be conclusive and binding upon me/us unless objection is made in writing within ten (10) days after receipt thereof.

6. A failure to exercise any of your rights in any one or more instances, or a course of conduct, or an outstanding margin call or calls shall not in any instance be taken as a waiver of any right nor as a continuing waiver or as a waiver of any future or additional right which you may have.

7. The terms of this agreement shall apply with respect to any account guaranteed by me/us to the same extent as if I/we were the principal(s) in said account(s); and upon failure of said principal(s) to fully perform his or their obligations, I/we shall be liable to the same extent as if such default were mine/ours.

8. Every transaction involving future delivery is entered into with the understanding that actual delivery is contemplated and intended.

9. Any controversy arising between us shall be determined by arbitration in accordance with the rules of the market in which the transaction out of which the controversy arose shall have been executed; and in the event that the controversy shall not involve a transaction in any such market, or there shall be a dispute as to the rules under which the controversy is to be arbitrated, such controversy shall be submitted to arbitration under the rules of the American Arbitration Association in the State of New York before three arbitrators. Judgment may be entered upon any such award without notice to me/us in the Supreme Court, State of New York, or any such other court as may have jurisdiction with respect to the place of arbitration.

10. This agreement shall not be waived or modified except in writing by a duly authorized agent on your behalf; and I/we understand that no employee of yours has authority to waive any margin call or other demand made upon me/us.

11. This agreement is binding upon me/us and upon my/our executors, administrators, legal representatives and assigns.

BACK

Signature

Business Address

Business or Occupation

Residence Address

SY 5 22

Please send all mail and telegrams to my { Business address [ ] Residence address [ ]

DEFENDANTS' EXHIBIT 5

In the Matter of :

:

IRA HAUPT & CO., :

:

A Limited Partnership, :

:

Bankrupt.

NOTICE AND PROOF OF CLAIM PURSUANT TO SECTION 3 OF BROKERS BLANKET BONDS F 162523, F 147918 and F 187554, ISSUED BY THE FIDELITY AND CASUALTY COMPANY OF NEW YORK TO IRA HAUPT & CO.

April 26, 1965.

TOWNSEND & LEWIS
120 Broadway New York 5

NOTICE AND PROOF OF CLAIM PURSUANT TO SECTION 3 OF BROKERS BLANKET BONDS, F 162523, F 147918 and F 187554, ISSUED BY THE FIDELITY & CASUALTY COMPANY OF NEW YORK TO IRA HAUPT & CO.

PRELIMINARY STATEMENT

On October 6, 1964, I, Charles Seligson, was appointed Trustee in Bankruptcy of Ira Haupt & Co., Bankrupt (hereinafter referred to as "Haupt") in proceedings pending in the United States District Court for the Southern District of New York. On October 7, 1964 I qualified, and have since been acting as Trustee. In this capacity I have been substituted as the named Insured under the captioned Brokers Blanket Bonds in the aggregate face amount of $14,000,000 for any one casualty or event. Pursuant to the terms of these Bonds, and for a consideration of $5,200 I obtained an extension from Fidelity & Casualty Company of New York ("F & C"), the underwriter of the Bonds, to Noon, October 31, 1965, in which to discover losses sustained by Haupt for which claims under the Bonds may be made.

On October 15, 1964 the appointment of the law

firm of Townsend & Lewis as my special counsel for the purpose of investigating and pursuing any and all claims, rights or privileges of Haupt under the aforementioned Bonds was authorized by Referee Edward J. Ryan. Active investigation commenced immediately. In furtherance of those activities, on December 15, 1964 Eliot H. Lumbard, a partner of that firm, undertook examinations under oath pursuant to Section 21(a) of the Bankruptcy Act. The principal objective of these examinations is to investigate the relevant facts and circumstances leading to, and culminating in, the bankruptcy of Haupt and to discover losses for which claims may be made. The examinations have been extensive to date, are still pending and will continue for some time.

The facts set forth herein are averred upon information and belief, the primary sources of such information and belief being: (1) testimony elicited thus far during the Section 21(a) examinations; (2) independent investigations to date by the firm of Townsend & Lewis; and (3) examination of the books and records of Haupt and other investigations by the accounting firm of David Berdon & Co., appointed by Referee Ryan to assist me and my coun-

sel in my overall duties as Trustee.

F & C, through its legal counsel, has attended substantially all of the Section 21(a) examinations and has purchased transcripts of those proceedings. Upon information and belief it has conducted extensive, independent investigations in connection with the Haupt bankruptcy, as well as in regard to related matters. Thus a substantial part of the information reflected herein, if not all, may be in the possession of F & C.

I

STATEMENT OF HAUPT'S PECUNIARY LOSS

I have been informed by David Berdon & Co. that its examination to date of the books and records of Haupt indicates that Haupt incurred a pecuniary loss as of November 25, 1963 in excess of $34,000,000. This loss arose out of the relationship between Haupt and Allied Crude Vegetable Oil Refining Corporation (hereinafter referred to as "Allied") and related companies. Allied is now in bankruptcy in the United States District Court for the District of New Jersey.

Allied engaged in the business of refining, storing and selling soybean and cottonseed oils. A substantial portion of its sales were for foreign export. Allied was the lessee of certain refining and storage tank facilities in Bayonne, New Jersey, in which it refined and stored its oil pending sale. Allied in turn sub-leased these premises to American Express Warehousing, Ltd. (hereinafter referred to as "Warehousing"), a field warehousing subsidiary of American Express Co., and Harbor Tank Storage Co., Inc., also a field warehousing concern (hereinafter referred to as "Harbor Tank"). Both Warehousing and Harbor Tank purportedly issued warehouse receipts certifying to the presence under their control of oils in the Bayonne tank facilities. Warehousing has petitioned for an arrangement under Chapter XI of the Bankruptcy Act in the United States District Court for the Southern District of New York, and Harbor Tank, for reorganization under Chapter X in the United States District Court for the District of New Jersey.

Allied borrowed money from, and incurred indebtedness to, Haupt. In order to finance Allied's operations Haupt in turn borrowed money from various banks. These banks

have claims in the Haupt bankruptcy proceeding which involve in excess of $34,000,000. Allied furnished as security for its indebtedness to Haupt field warehouse receipts purportedly issued by Warehousing and by Harbor Tank, and forward sales contracts purporting to be the agreements of certain commodity exporters to purchase specified commodities from Allied at prices indicated therein.

Haupt also acted on behalf of Allied in the purchase and sale of soybean and cottonseed oil futures contracts.

As a result of the events set forth in this document Haupt's business was destroyed; it was suspended on November 20, 1963 by the New York Stock Exchange for a capital deficiency and subsequently was adjudicated a bankrupt in proceedings which are still pending.

II

DISHONEST, FRAUDULENT OR CRIMINAL ACTS OF JACK E. STEVENS - CLAUSE A OF CAPTIONED BONDS

A. General Statement

Jack E. Stevens was a trusted key employee of

Haupt.

He was called the Operations Manager and was the senior employee below the partnership level for the entire "back office" of Haupt, responsible for the activities of several hundred employees. Indeed, substantially all employees of Haupt other than registered representatives not connected with the Allied account were under Mr. Stevens' supervision and reported directly to him. Stevens was responsible to Mr. Morton Kamerman, the Managing Partner of Haupt, and to the Partnership itself, for all records and record keeping and all financial operations of the firm, including the preparation of all financial reports and computation of Haupt's capital to determine compliance with the net capital rules applicable to broker-dealers such as Haupt. The cashiers, the vault, all cage operations including all securities handling, the internal audit and accounting divisions, the IBM Department--all were under his direct supervision. Mr. Stevens' responsibilities included the rendering of accounts and reports to Mr. Kamerman.

Shortly after the withdrawal of Ira Haupt II as a partner from the firm in the summer of 1963, Stevens was responsible for the operation and supervision of the ac-

counts of Allied and related companies.

Stevens received numerous and detailed reports each day regarding these accounts and made all important decisions as to handling thereof. These decisions concerned, inter alia, the nature and extent of Allied's indebtedness to Haupt and other aspects of the relationship between Haupt and Allied.

Stevens' activities in connection with the Allied accounts involve a series of actions and decisions evidencing willful disregard for the interests of Haupt, infidelity to Haupt and breaches of the trust and loyalty reposed in him by Haupt, in addition to moral turpitude and infirmity of purpose. Such conduct constitutes "dishonest, fraudulent or criminal act[s]" within the meaning of Brokers Blanket Bonds F 162523 and F 147918 and "dishonest act[s]" within the meaning of Brokers Blanket Bond F 187554. These actions and decisions hereinafter discussed resulted in a pecuniary loss in excess of $14,000,000. While these acts directly concern the Allied and related accounts supervised and directed by Stevens and are otherwise interrelated, they may be broken down into various lines of activities, each

one of which also resulted in the aforementioned loss, based upon the nature of the acts involved. The activities which have been disclosed thus far during investigation are set forth below.

When subpoenaed to testify and explain his conduct during the Section 21(a) proceedings, Stevens claimed his privilege against self-incrimination under the Fifth Amendment of the United States Constitution as to all questions.

B. Itemization of Dishonest, Fraudulent or Criminal Acts

The most significant lines of activities known at this time are as follows:

1. Causing Haupt to extend credit, in completely unjustified amounts, to Allied despite knowledge of the serious financial risks to which Haupt was exposed and also in contravention of an agreement entered into between Haupt and Allied setting forth the basis and conditions of Haupt's acceptance of the Allied account:

(a) A written agreement, entitled a Letter of Intent, was executed May 23, 1963 by Haupt and Allied. Loans by Haupt to Allied were limited by the agreement to two-and-one-half million dollars. The agreement also specified various conditions upon which loans would be extended. Stevens, knowing

of the terms and conditions of said agreement, caused loans to be made in excess of the limit in the Letter of Intent on numerous occasions. For example, Stevens made a five million dollar loan to Allied on October 24, 1963, making the aggregate export loans as of that date ten million dollars. Total Allied indebtedness to Haupt on November 19, 1963, exceeded thirty four million dollars, inclusive of loans and advances collateralized by warehouse receipts (see Schedule A attached).

(b) Moreover, Stevens completely disregarded certain conditions specified in the agreement. For example, on behalf of Haupt, he accepted from Allied short-term rather than demand notes; loans were collateralized by warehouse receipts issued to the order of banks other than The Chase Manhattan Bank A/C of Ira Haupt & Co.; the forward sales contracts furnished as collateral were not confirmed; and loans were extended for purposes never contemplated by and outside the scope of the agreement.

(c) Stevens caused the indebtedness in the accounts to become grossly disproportionate to the capital position of Haupt, and in that connection

was responsible for violations of Rule 325 of the New York Stock Exchange.

(d) Stevens improperly released funds to Allied at times when the latter was indebted to Haupt for substantial amounts.

(e) Stevens caused Haupt to borrow substantial sums from banks on November 18 and 19, 1963, and further caused an increase in Allied's indebtedness to Haupt despite the fact that funds were not forthcoming from Allied.

2. Affirmatively increasing Allied's indebtedness to Haupt, thus increasing Haupt's risk and severely threatening its financial stability at a time when Haupt's exposure should have been diminished, by assuming financial obligations on behalf of Allied in the purchase for Allied's account of futures contracts for cottonseed and soybean oil on the New York Produce Exchange and the Chicago Board of Trade; so that on November 11, 1963 Haupt had assumed financial obligations on behalf of Allied in connection with 15,064 futures contracts, having a market value of $112,406,136.

Stevens' activities during the last week or ten days prior to November 20, 1963 materially prejudiced Haupt by virtue of his refusal to reduce or liquidate the Allied indebtedness despite his knowledge of the material facts and various warnings in connection with Haupt's exposure.

During this entire period Stevens--

(a) Rejected the advice of Fred Barton, his professional advisor and an immediate subordinate, who was concerned about the Allied account, as expressed to Stevens over the telephone during the preceding weeks while Barton was away from the office due to illness; Stevens further refused to reduce the Allied indebtedness at Barton's request upon Barton's return to the office on November 11, 1963.

(b) Caused Haupt to extend further credit to Allied by improperly allowing Allied to meet its financial obligations to Haupt by delivering warehouse receipts to Haupt rather than making payment in cash.

(c) Refused to take positive action after Allied failed to meet a $1,151,000 Haupt demand for funds on November 14 by the normal and then accepted method for this account of wiring funds, and Allied personnel had told him that Allied was having trouble freeing funds to meet its

growing obligations.

(d) Failed to forward to the bank for deposit in Haupt's account three uncertified checks of Allied received in response to the $1,151,000 demanded by Haupt on November 14, and further wilfully secreted them under his desk blotter where they were found several months later, thereby failing to follow customary banking practices of Haupt.

(e) Refused to take positive action after the receipt of vital information from a principal of Allied on November 16 or 17 that Allied was having financial difficulties.

(f) Refused to take positive action after Allied's failure to meet a $5,127,000 Haupt demand for funds on November 15.

(g) Refused to take positive action after Allied's failure to meet further demands for funds of $9,216,000 by Haupt on November 18, 1963.

3. Directing other employees of Haupt to obtain substantial loans from various banks and to use the proceeds

thereof in violation of various penal provisions, the Rules of the New York Stock Exchange and agreements between Haupt and said banks:

(a) Despite knowledge of the material facts relating to the Allied accounts as set forth above Stevens took no protective action whatsoever, and in fact materially increased Haupt's exposure through the following acts and omissions:

(i) Authorizing and instructing the cashiers of Haupt, Edmund Beetz and George Plave, to utilize substantially the proceeds of day loans in the aggregate amount of $46,500,000, obtained by Haupt on November 18 and 19, 1963 from various New York banks, in violation of the express restrictions for which such loans may be utilized, as set forth in the day loans notes of the respective lending banks.

(ii) Authorizing and instructing Messrs. Beetz and Plave to secure overnight loans of $13,575,000 on November 18, 1963, through unlawful pledge of customers' fully-paid securities held in segregation by physical removal of

the customers' fully-paid securities from the Haupt vault and their delivery to the lending banks with the false representation that those securities were available to serve as collateral for those loans, all in violation of state penal provisions, Section 8(c)(1) of the Securities Exchange Act of 1934 and Rule 8C-1, promulgated pursuant to that statute, as well as Rule 402 of the Rules of the Board of Governors of the New York Stock Exchange.

(b) The chronological sequence of these bank loans directed by Stevens on behalf of Haupt is set forth below:

(i) $17,500,000 in day loans in the morning of November 18.

(ii) Overnight loans totalling $13,575,000 in the late afternoon of November 18 upon the pledge, with the banks, of customers' fully-paid securities having a market value of approximately $17,000,000..

(iii) Day loans of $29,000,000 in the morning of November 19, 1963; Haupt's inability to meet these obligations in the afternoon of November 19 effectively meant the end of its business.

4. Failing to reveal to and actively concealing from the partners of Haupt the material facts relative to Allied's indebtedness to Haupt and Haupt's exposure by reason of its transactions with Allied:

(a) Stevens not only assumed and exercised complete authority and discretion over the Allied account but he did not advise the partners of Haupt as to the decisions he made regarding the Allied account which were of material significance, as set forth above.

(b) Moreover, Stevens affirmatively took the following steps to conceal the status and operation of the Allied accounts from the Haupt partners:

(i) An "ex-pit" transaction with Ralph Peters & Co. on September 25 so as to remove 2,454 cottonseed oil contracts of a market value of approximately $15,000,000 from the

September 26 New York Stock Exchange financial questionnaire and the Haupt monthly financial statement, thereby making Haupt's capital position computed in accordance with Rule 325 of the New York Stock Exchange appear more favorable; on September 30 the identical number of cottonseed oil contracts were returned to the Haupt account from Peters, again, "ex-pit".

(ii) A reduction of Allied's outstanding loan position to Haupt by two-and-one-half million dollars on October 31, 1963, the date of the firm's monthly financial statement; on November 4, 1963 Stevens authorized a new loan of $2,500,000 to Allied.

(iii) The device of "short-term" loans commencing in September, 1963 to give the appearance of the general Allied export loan account holding the limit of two-and-one-half million dollars set by the Letter of Intent.

(iv) Misleading Mr. Kamerman during the month of November, 1963 into believing that Haupt was fully protected.

(v) Making major financial decisions, such as extending loans to Allied, during the fall of 1963 when Mr. Kamerman was absent from the office on holiday or observing Jewish religious days.

Further investigation may establish additional evidence of acts on the part of Jack E. Stevens, and deponent reserves the right to file an amended proof of claim supplementing the information reflected herein.

III

DISHONEST, FRAUDULENT OR CRIMINAL ACTS BY EDMUND BEETZ AND GEORGE PLAVE, HAUPT CASHIERS - CLAUSE A OF CAUTIONED BONDS

The actions of Edmund Beetz and George Plave, as aforementioned, in (1) pledging customers' fully-paid securities on November 18, 1963 as collateral for Haupt overnight loans; and (2) applying a portion of the proceeds of day loans on November 18 and 19, 1963, for illegal purposes, also constitute "dishonest, fraudulent or criminal act[s]" within the

meaning of Brokers Blanket Bonds F 162523 and F 147918 and "dishonest act[s]" within the meaning of Brokers Blanket Bond F 187554. Such conduct was taken without the knowledge of any partner and enabled Haupt to continue in business on November 18 and 19, thereby resulting in pecuniary losses in excess of $14,000,000.

Further investigation may establish additional evidence of acts on the part of Edmund Beetz and George Plave and deponent reserves the right to file an amended proof of claim supplementing the information reflected herein.

IV

FACTS AND CIRCUMSTANCES REGARDING COVERAGE UNDER CLAUSES B, C, D, AND E OF CAPTIONED BONDS

As previously noted, Allied borrowed money from, and incurred indebtedness to, Haupt and furnished as security therefore, warehouse receipts and forward sales contracts. The loss sustained by Haupt in connection with its relationship with Allied as set forth in I supra may also have been as a result of a scheme and artifice to defraud devised by Allied and its principals, agents and employees to obtain

money and property from Haupt by means of common law and statutory larceny as well as other fraudulent means. In fact, in this connection various principals of Allied have been indicted by federal and New Jersey grand juries. Anthony DeAngelis, the President of Allied, has recently pled guilty to three counts of transporting in interstate commerce fraudulent and forged warehouse receipts which were pledged with Haupt.

The full scope of the scheme and artifice to defraud Haupt and the methods by which it was accomplished are not fully known at this time and are under continuing investigation. Deponent has been informed, however, that according to various credible sources the warehouse receipts purportedly issued by Warehousing were forgeries, and those purportedly issued by Harbor Tank were fraudulent. Moreover, deponent has also been informed that certain forward sales contracts were forged as to the name of the purported buyer. Haupt relied upon those documents as essential collateral. Schedule A summarizes the pertinent information respecting those warehouse receipts, the loans made to Allied and the loans in turn made by various banks to Haupt

upon pledge of the warehouse receipts, as well as warehouse receipts in Haupt's possession. Schedule B, annexed hereto, sets forth pertinent information concerning the forward sales contracts.

Under Clauses D and E of the Bonds, coverage up to a maximum of $1,500,000 and $600,000 respectively is hereby claimed for each specific forged or fraudulent document as set forth above.

V

DEMAND

On the basis of the foregoing, demand is hereby made for the loss sustained by Haupt in connection with its transactions and relationships with Allied in the amount of $34,000,000.

* * * * * * * * * * * * * * * * * * *

Investigation is continuing as to all matters set forth above, as well as other aspects of the accounts and complex relationships between Haupt and Allied. Deponent reserves the right, therefore, to file an amended proof of

claim if additional information is revealed which would supplement or modify any of the statements contained herein or require the submission of new material.

/s/ Charles Seligson

Charles Seligson, as Trustee in Bankruptcy of Ira Haupt & Co., a Limited Partnership, Bankrupt.

Sworn to before me this
26 day of April, 1965.

/s/ Ruth Miller

Notary Public

(Stamp)

(seal)

SCHEDULE I

A SCHEDULE OF FORWARD SALES CONTRACTS
BY ALLIED CRUDE VEGETABLE OIL REFINING CORP.

BUYER	PER BUYERS LETTERHEAD DATE OF CONTRACT	PURCHASE ORDER NO.	DELIVERY	QUANTITY (METRIC TONS)	PRICE
Continental Grain Company	4/ 8/63	1096	On or before 7/31/63	30,000	$221.47
Gersony-Strauss Co.	7/24/63	3940	Sept. & Oct. 63	6,604	11.90 per lb.
Gersony-Strauss Co.	7/24/63	3941	Sept. & Oct. '63	10,377	11.675 per lb.
Gersony-Strauss Co.	7/24/63	3939	Oct. '63	4,596	13.10 per lb.
Compania Hispania, S. A.	7/ 6/63	1023	Jan., Feb. & March '64	27,842	305.50
R. L. Rothstein Corporation	9/12/63	63	Dec. '63 & Jan. '64	13,000	.0950 per lb.
Scarburgh Co., Inc.			October/December '63	10,000	178.00
Scarburgh Co., Inc.			October/December '63	5,000	178.00
Scarburgh Co., Inc.			October/December '63	15,000	183.00
Bunge Corporation	10/ 4/63	7457	Nov. & Dec. '63, Jan. '64	20,000	221.50
Bunge Corporation	10/ 4/63	7458	Dec. '63 & Jan. '64	12,500	222.00
Bunge Corporation	10/10/63	7627	Dec. '63 & Jan. '64	15,000	220.25
Intercontinental Financial & Development, S. A.			Dec. '63 & Jan. '64	13,000	275.58-310.85
Globus International Ltd.			Dec. '63, Jan. & Feb. '64	10,000	278.88-314.16
Bunge Corporation			Oct. & Nov. '63	Long 2,500	
Continental Grain Company			Nov. '63	6,400	

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SCHEDULE A

SCHEDULE OF WAREHOUSE RECEIPTS RECEIVED AS COLLATERAL FOR LOANS AND ADVANCES MADE TO "ALLIED" AND SCHEDULE OF BANK LOANS COLLATERALIZED BY SAME WAREHOUSE RECEIPTS

WAREHOUSE RECEIPTS					LOANS AND ADVANCES							BANK LOAN COLLATERALIZED BY SAME WAREHOUSE RECEIPTS					
DATE (1961)	WAREHOUSE RECEIPT (1)	QUANTITY (POUNDS) AND COMMODITY (2)	VALUE	DATE OF LOAN	DUE DATE	AMOUNT OF LOAN	REPAYMENT DATE	REPAYMENT AMOUNT	TOTAL OUTSTANDING, DATE OF LOAN OR LOAN REPAYING	LOAN OUTSTANDING	DATE OF LOAN	AMOUNT OF LOAN	DUE DATE	LOAN REPAYMENT	LOAN OUTSTANDING	ESTIMATED VALUE OF UNPLEDGED WAREHOUSE RECEIPTS
My 27	HT B21[illegible]	35,720,000(2a)	$3,572,000	May 28	Demand	$ 2,500,000	Aug. 15	$2,500,000	$ 2,500,000	-	(1) May 28	$ 2,500,000	Demand	$2,500,000	-	
Jn. 15	HT B21[illegible]	32,630,000(2a)	3,[illegible]2,100	15	Demand	2,500,000			2,500,000	$ 2,500,000	(2) Aug. 15	2,500,000	Demand	-	$ 2,500,000	
Sept. 11	AE [illegible]	14,000,000(2b)	1,[illegible]0,000	Sept. 10	Sept. 18	1,000,000	Sept. 18	1,000,000	3,500,000	-	(3) Sept. 10	1,000,000	Demand	1,000,000	-	
				18					2,500,000							
	AE [illegible]	11,000,000(2a)	1,100,000)	30	Oct. 18	1,500,000	Oct. 31	1,500,000	4,000,000	-	(1) Sept. 30	1,500,000	Oct. 18	1,500,000	-	
	AE [illegible]	8,[illegible]0,000(2b)	1,044,[illegible]5)													
	HT [illegible]	6,[illegible]0,000(2b)	817,[illegible]2	Oct. 1		500,000			4,500,000	500,000	(1) Oct. 1	500,000	Demand		500,000	
Jn. 3	HT [illegible]	[illegible],000(2a)	3[illegible],390	3		245,000			4,745,000	245,000	(1) 3	245,000	Demand		245,000	
	HT [illegible]	13,[illegible]0,000(2a)	1,482,875	11	18	1,000,000	31	1,000,000	5,745,000	-	(2) 11	800,000	Demand	800,000	-	
	HT [illegible]	[illegible],000(2a)	175,000	18		175,000			5,920,000	175,000	(1) 18	175,000	Demand		175,000	$ 49,000
	HT [illegible]	[illegible],000(2a)	140,000													
	HT B[illegible]	1,[illegible]0,000(2a)	150,000	23		140,000			6,060,000	140,000	(1) 23	140,000	Demand		140,000	
	AE [illegible]	40,[illegible]0,000(2b)	3,[illegible]0,000)	24	Demand	5,000,000			11,060,000	5,000,000	(3) 24	5,000,000	Demand		5,000,000	
	AE [illegible]	32,[illegible]0,000(2b)	3,[illegible]0,903)													
	HT [illegible]	1,[illegible]0,000(2a)	155,000)													
	HT [illegible]	1,[illegible]7,000(2a)	170,700)	25		300,000			11,360,000	300,000	(4) 25	300,000			300,000	
	HT [illegible]	1,[illegible]0,000(2a)	110,000)													
	HT B[illegible]	2,355,000(2a)	235,500)													
31	AE [illegible]	9,480,000(2a)	985,920	31		865,000			9,725,000	865,000	(4) 31	865,000			865,000	
N. 4	AE [illegible]	33,[illegible]0,000(2a)	3,[illegible]8,225	Nov. 4	Demand	2,500,000			12,225,000	2,500,000	(3) Nov. 4	2,500,000	Demand		2,500,000	
1	AE [illegible]	2,[illegible]0,000(2a)	208,[illegible]75)													
5	AE [illegible]	1,[illegible]0,000(2a)	208,[illegible]20)	6		630,000			12,855,000	630,000	(3) 6	630,000	Demand		630,000	
1	AE [illegible]	[illegible],000(2a)	478,844)													
7	AE [illegible]	3,[illegible]0,000(2a)	270,510)	12		280,000			13,135,000	280,000	(4) 12	280,000			280,000	
8	AE [illegible]	1,[illegible],000(2a)	170,259)													
13	AE [illegible]	60,000,000(2a)	5,400,000													5,400,000
TOTALS						$13,135,000		$6,000,000		$13,135,000		$18,935,000		$5,800,000	$13,135,000	$5,449,000

(1) Warehouse receipts on forms of Harbor Tank Storage Co., indicated by HT before receipt number. Outstanding are allegedly fraudulent.

Warehouse receipts on forms of American Express Warehousing, Ltd., indicated by AE before Receipt Number. Outstanding are allegedly forged.

(2) Commodity designated on warehouse receipt:
- a) Crude degummed soybean oil
- b) Crude soybean oil
- c) Bleachable prime summer yellow cottonseed oil

(1) Chase Manhattan Bank	$ 1,080,000
(2) First National City Bank	2,500,000
(3) Continental Illinois National Bank and Trust	8,130,000
(4) National State Bank of Newark	1,445,000
	$13,135,000

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SCHEDULE B

A SCHEDULE OF FORWARD SALES CONTRACTS
BY ALLIED CRUDE VEGETABLE OIL REFINING CORP.

BUYER	PER BUYERS LETTERHEAD DATE OF CONTRACT	PURCHASE ORDER NO.	DELIVERY	QUANTITY (METRIC TONS)	PRICE
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Globus International Ltd.			Dec. '63, Jan. & Feb. '64	10,000	278.88-314.16
Bunge Corporation			Oct. & Nov. '63	Long 2,500	
Continental Grain Company			Nov. '63	6,400	

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DEFENDANTS' EXHIBIT 7

1037e

NEW YORK PRODUCE EXCHANGE

New York
August 18th
1944

Mr. Abbott L. Baum,
Messrs. Norman Bros. & Worms,
25 Broad Street,
New York City.

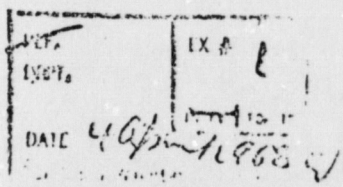
Dear Sir:

This will acknowledge with thanks your letter of August 18th, enclosing application for registration of the partnership of Norman Bros. & Worms, as required by Section 69 of our By-Laws.

Very truly yours,

Lloyd V. Juen,
Secretary.

LVJ:LMM



Phone: WHITEHALL 2-4000
Cable Address: "WORMNEW"

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NEWMAN BROS. & WORMS

Members
NEW YORK STOCK EXCHANGE
NEW YORK CURB EXCHANGE
NEW YORK COTTON EXCHANGE
NEW YORK COCOA EXCHANGE, INC.
NEW YORK PRODUCE EXCHANGE
NEW ORLEANS COTTON EXCHANGE
COMMODITY EXCHANGE, INC.
CHICAGO BOARD OF TRADE

25 BROAD STREET
NEW YORK

BRANCH OFFICES
15 EAST BROADWAY
349 EAST 149TH STREET

August 18, 1941.

New York Produce Exchange,
2 Broadway,
New York City.

Att: Mr. Lloyd Juan, Secretary

Dear Sirs:

In accordance with your recent ruling, we enclose herewith Registration Application for this firm.

Very truly yours,

NEWMAN BROS. & WORMS

by Abbott L. Baum

Abbott L. Baum
Partner

ALB:LB
enc.

1039e

NEW YORK PRODUCE EXCHANGE

Application for Registration of a Partnership
Pursuant to Section 69 of the By-Laws

-0-0-0-

To the Board of Managers
of the New York Produce Exchange.

The undersigned, a ~~member~~ associate member of the New York Produce Exchange, hereby makes application for registration of

NEWMAN BROS. & NORRIS

with the New York Produce Exchange, pursuant to Section 69 of the By-Laws and for that purpose furnishes the following required information:

(1) Name of Partnership:

NEWMAN BROS. & NORRIS

(2) Location of principal office and place of business:

25 BROAD STREET, NEW YORK CITY

(3) Names and addresses of members of the Partnership:

General Partners; SAMUEL EUGENE NORRIS, 1185 Park Ave., N.Y.City,

CLAUDE S. NEWMAN, 111 E. 56th Street, N.Y.City - ADOLPH L. WAUL,

142 E. 71st Street, N.Y.City - RICHARD K. BUECHLER 785 Park Ave.,
New York City - HERBERT C. NEWMAN 235 E. 73th Street, N.Y.City,
CHARLES M. NEWMAN, 1025 Lexington Avenue, New York City.

Limited Partners:

HERMAN M. LIEBERMAN, 1010 Fifth Avenue, New York City

SAMUEL STORM, 480 Park Avenue, New York City

EMMA G. EMANUEL, Woodley Park Towers, Washington, D. C.

(4) Names and addresses of members and employees of Partnership who are members of the Exchange:

SAMUEL EUGENE NORRIS, 1185 Park Avenue, N. Y. City

SAMO W. ATLAS, 37 Soddy Lane, SCARSDALE, N.Y.

(5) Nature of the business of the Partnership:

BROKERS AND DEALERS IN STOCKS AND COMMODITIES

(6) State the relationship existing between the applicant and the Partnership:

I AM A PARTNER OF NEUMAN BROS. & HOMES

(7) State the names of all employees of the Partnership, if any, who are also members of the Exchange and who are authorized to enter into contracts for and in behalf of the Partnership on the floor of the Exchange:

SALVO R. ARIAS

(8) State the relationship to the Partnership of each person named in item "(7)" above:

COMMODITY SOLICITOR

(9) State whether you have at any time registered any other partnership or any corporation with the Exchange:

NO

NOTE: The following documents will be furnished on request of the Exchange:

(a) Copy of Partnership Agreement

(b) Financial statement of the Partnership as of a date not more than two months immediately preceding the date of this application.

Dated at NEW YORK CITY the

18th day of August 1941.

Samuel Eugene Worms
Applicant

State of NEW YORK)
: ss.
County of NEW YORK)

SAMUEL EUGENE WORMS being duly sworn, deposes and says: I am a associate member of the New York Produce Exchange holding certificate of Associate membership No. A875 and I am also a member of the firm of NEWMAN BROS. & WORMS the Partnership for whom I have applied for registration with the Exchange under and pursuant to the By-Laws thereof. I know of my own knowledge that the statements made in the within application are true and correct in every particular, and the same are made for the purpose of inducing the New York Produce Exchange to register said Partnership under Section 69 of the By-Laws, and I agree that I will promptly inform the Exchange in writing of any contemplated change of my relationship to said Partnership from that set forth in the aforesaid application.

Samuel Eugene Worms
Applicant

Sworn to before me this
18th day of August 1941.
Frank Brand Brandt

Notary Public Bronx Co. No 112 Reg. No. 3642
Cert. filed in N.Y. Co. No 256 Reg. No. 26202
Commission expires March 30, 1942

1042e P

AGREEMENT by PARTNERSHIP

The undersigned hereby declares and agrees that SAMUEL EUGENE NORMS a Associate member of the New York Produce Exchange, who has applied for registration of the undersigned with the Exchange pursuant to Section 69 of the By-Laws of said Exchange, was and is duly authorized to make such application, and in consideration of the approval by the Board of Managers of the New York Produce Exchange to the registration of the undersigned with the Exchange for the purpose of enjoying certain privileges of membership as provided by the By-Laws of the Exchange do hereby agree to comply with all of the provisions of said Section 69 of the By-Laws and do hereby guarantee the due, timely and faithful performance of any and all contracts made for or in the name of the undersigned by the said SAMUEL EUGENE NORMS and SALVO R. ARIAS on the floor of the Exchange.

And the undersigned Partnership and each member thereof further declares and agrees that they are and each of them is acquainted with the Charter, By-Laws, Rules and Regulations of the Exchange and hereby agrees to abide and be bound by and subject to all of the provisions of said Charter, By-Laws, Rules and Regulations, and each of them, as they now exist and as they or any of them may be hereafter amended, added to or otherwise changed.

Dated at NEW YORK, N. Y. on the 18th day of August 1941

In the presence of:

L. Black

Newmans Bros & Norms
Name of Partnership

By Abbott L. Bauer
Partner

Phone HANOVER 2 4000
Cable Address "WORMNEW"

1043e

NEWMAN BROS. & WORMS

Members
NEW YORK STOCK EXCHANGE
NEW YORK CURB EXCHANGE
NEW YORK COTTON EXCHANGE
NEW YORK COCOA EXCHANGE, INC.
NEW YORK PRODUCE EXCHANGE
NEW ORLEANS COTTON EXCHANGE
COMMODITY EXCHANGE, INC.
CHICAGO BOARD OF TRADE

25 BROAD STREET
NEW YORK

BRANCH OFFICES
15 EAST BROADWAY
349 EAST 149TH STREET

September 18th, 1942.

Secretary's Office
New York Produce Exchange,
Two Broadway,
New York, New York.

Gentlemen:

I wish to advise you that on October 1st, 1942, the senior partners of this firm, Mr. Claude S. Newman and myself, will become members of the firm of Ira Haupt & Co., 39 Broadway, New York, N. Y. The firm of Newman Bros. & Worms will therefore be dissolved as of midnight September 30th, 1942 and its business, from that time on, will be conducted by the firm of Ira Haupt & Co.

I shall retain my Associate Membership in the New York Produce Exchange but on and after October 1st, 1942, I desire to give the benefits of this Associate Membership to the partnership of Ira Haupt & Co.

If there is anything additional which you require in order to enable me to confer the benefits of my Associate Membership to Ira Haupt & Co. on and after October 1st, 1942, will you kindly so advise me?

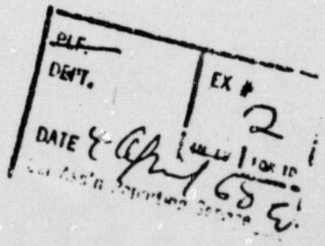
Thanking you for your cooperation, I remain

Yours very truly,

S. E. Worms

S. E. Worms

9/71



NEW YORK PRODUCE EXCHANGE

New York
September 21st
1942

Mr. S. E. Worms,
Messrs. Norman Bros. & Worms,
25 Broad Street,
New York City.

Dear Mr. Worms:

This will acknowledge your letter of September 18th, advising us of the dissolution of your present firm, to be effective September 30th, with future business to be conducted under the name of Ira Haupt & Co.

To transfer your membership privileges to the new firm, it will be necessary for you to file a new set of registration papers, forms for which we enclose herewith. Upon receipt of such application, we will see to it that the proper changes are made in our records, to be effective October 1st, 1942.

Very truly yours,

Lloyd V. Juan,
Secretary.

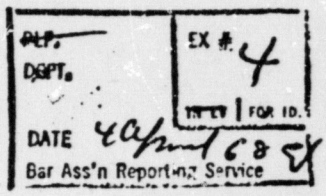
LVJ:EMM

PLF. DEFT. EX # 3
DATE 4 April 68

NEW YORK PRODUCE EXCHANGE

Application for Registration of a Partnership
Pursuant to Section 69 of the By-Laws

-0-0-0-



To the Board of Managers
of the New York Produce Exchange.

The undersigned, an ~~member~~ associate member of the New York Produce Exchange, hereby makes application for registration of

IRA HAUPT & CO.

with the New York Produce Exchange, pursuant to Section 69 of the By-Laws and for that purpose furnishes the following required information:

(1) Name of Partnership:

IRA HAUPT & CO.

(2) Location of principal office and place of business:

111 Broadway, New York City.

(3) Names and addresses of members of the Partnership:

General Partners: IRA HAUPT - Stuyle Farms, Deal, N.J.

1/1/52 Anthony M. Reinach

UDO M. REINACH - 19 Heathcote Road, Scarsdale, N.Y.

BERTRAM H. GOLDSMITH - Annandale, N.J.

SAMUEL E. MORIS - 1150 Park Avenue, New York City

~~XXXXXXXXXXXXXXXX~~ died May 5, 1947 - 111 E. 56th St., N.Y.City

withdrew 2/1/47 JULES R. GUGGENHAT, JR. - 229 Schenk Avenue, Great Neck, L.I., N.Y.

MARTIN SCHERK - 413 Buckingham Road, Cedarhurst, L.I., N.Y.

TOWNSEND EVERETT ALLEN - 2140-17 Alameda Avenue, Douglaston, L.I., N.Y.

(4) Names and addresses of members and employees of Partnership who are members of the Exchange:

SAMUEL E. MORIS - 1150 Park Avenue, New York City

SALVO R. ARIAS - 37 Tudor Lane, Scarsdale, N.Y.

P

(5) Nature of the business of the Partnership:

Securities and Commodities Brokerage Business.

(6) State the relationship existing between the applicant and the Partnership:

Applicant is a general partner.

(7) State the names of all employees of the Partnership, if any, who are also members of the Exchange and who are authorized to enter into contracts for and in behalf of the Partnership on the floor of the Exchange:

Salvo R. Arias

(8) State the relationship to the Partnership of each person named in item "(7)" above:

Salvo R. Arias is an employee of the partnership.

(9) State whether you have at any time registered any other partnership or any corporation with the Exchange:

Newman Bros. & Worms

P

NOTE: The following documents will be furnished on request of the Exchange:

(a) Copy of Partnership Agreement

(b) Financial statement of the Partnership as of a date not more than two months immediately preceding the date of this application.

Dated at New York City the 15th day of October 1942.

SEW Samuel E. Nowm
Applicant

State of NEW YORK)
: ss.
County of NEW YORK)

SAMUEL E. WORMS being duly sworn, deposes and says: I am an ~~member~~ associate member of the New York Produce Exchange holding certificate of Limited Associate, Inc. membership No. A875 and I am also a member of the firm of IRA HAUPT & CO. the Partnership for whom I have applied for registration with the Exchange under and pursuant to the By-Laws thereof. I know of my own knowledge that the statements made in the within application are true and correct in every particular, and the same are made for the purpose of inducing the New York Produce Exchange to register said Partnership under Section 69 of the By-Laws, and I agree that I will promptly inform the Exchange in writing of any contemplated change of my relationship to said Partnership from that set forth in the aforesaid application.

SEW Samuel E. Nowm
Applicant

Sworn to before me this
15 day of October 1942.

Notary Herbert C. Newman

HERBERT C. NEWMAN
Notary Public, New York County
New York Co. Clerk's No. 100
Commission Expires March 30, 1944

P

AGREEMENT by PARTNERSHIP

The undersigned hereby declares and agrees that SAMUEL E. MORIS an associate member of the New York Produce Exchange, who has applied for registration of the undersigned with the Exchange pursuant to Section 69 of the By-Laws of said Exchange, was and is duly authorized to make such application, and in consideration of the approval by the Board of Managers of the New York Produce Exchange to the registration of the undersigned with the Exchange for the purpose of enjoying certain privileges of membership as provided by the By-Laws of the Exchange do hereby agree to comply with all of the provisions of said Section 69 of the By-Laws and do hereby guarantee the due, timely and faithful performance of any and all contracts made for or in the name of the undersigned by the said SAMUEL E. MORIS and SALVO R. ARIAS on the floor of the Exchange.

And the undersigned Partnership and each member thereof further declares and agrees that they are and each of them is acquainted with the Charter, By-Laws, Rules and Regulations of the Exchange and hereby agrees to abide and be bound by and subject to all of the provisions of said Charter, By-Laws, Rules and Regulations, and each of them, as they now exist and as they or any of them may be hereafter amended, added to or otherwise changed.

Dated at New York City on the 15th day of October 1942.

In the presence of:

Max Rosenberg

IRA HAUPT & CO.
Name of Partnership

By Ira Haupt
Partner

BRANCH OFFICES
501 SEVENTH AVENUE
374 EAST 149TH STREET
NEW YORK CITY

IRA HAUPT & CO.
MEMBERS NEW YORK STOCK EXCHANGE
MEMBERS NEW YORK COTTON EXCHANGE
MEMBERS NEW YORK CURB EXCHANGE (ASSOCIATE)
MEMBERS COMMODITY EXCHANGE, INC
MEMBERS CHICAGO BOARD OF TRADE

39 BROADWAY
NEW YORK

IRA HAUPT
UDO M. REINACH
L. BERTRAM M. GOLDSMITH
MARTIN SCHERK

CABLE ADDRESS
"COHAUPT NEW YORK"

DIGBY 4-3000

Oct. 19, 1942

New York Produce Exchange
New York, N.Y.

Gentlemen:

We are enclosing herewith application for registration of partnership pursuant to Section 69 of the By-Laws, properly executed, together with agreement by partnership signed by Mr. Ira Haupt.

Very truly yours,

Ira Haupt

MR:LB
Enc.

(79)

NEW YORK PRODUCE EXCHANGE

New York
October 27th
1 9 4 8

Messrs. Ira Haupt & Company,
30 Broadway,
New York City.

Gentlemen:

This will acknowledge with thanks your favor of October 19th, filing a partnership registration application as required under Section 69 of our By-Laws.

Our records have been changed so that the membership benefits accruing to Mr. Worms are now extended to your firm.

Very truly yours,

Lloyd V. Juan,
Secretary.

LVJ:EMM

1051e

APPLICATION FOR ~~MEMBERSHIP~~ ASSOCIATE MEMBERSHIP IN NEW YORK PRODUCE EXCHANGE

Int. Dept. EX # 5
DATE 4 April 1918
Bar Ass'n Reporting Service

The undersigned hereby applies for ~~Membership~~ Associate Membership in the New York Produce Exchange, on Certificate of ~~Membership~~ Associate Membership Number 2624, and warrants the truthfulness of his answers to the following questions, or any others that may be asked by the Committee on Admissions, and agrees that in case of any willful misstatement his ~~Membership~~ Associate Membership may be terminated by the Board of Managers:

State full name IRA (First) (Middle) HAUPT (Last)

Date of Birth 3/27/89 Where Born Brooklyn, NY Citizen of U.S.

Residence Address R.F.D. 1 Asbury Park, N.J.

Business Address 111 Broadway New York, 6 N.Y.

Name of Firm Ira Haupt & Co.

Nature of Business Stock and Bond Brokers

If elected, how do you wish to be listed in the Directory? Ira Haupt & Co.

Give names and addresses of your firm or firms during the last ten years Ira Haupt & Co.

Have you served in the Armed Forces of this country? No If so, when?

Were you ever a member of this Exchange? No If so, when?

Have you ever been rejected for, or expelled from, membership in this or any other Exchange or other Trade Organization? No

Have you ever been suspended from this or any other Exchange? No If so, set forth details

Are you a member of any other Trade Organization or Exchange? Yes If so, which? New York Stock Exchange also have an application in at present for membership in the N.Y. Cotton Exchang

Have you ever failed in business? No If so, have you settled with your creditors?

Have you any unsatisfied judgments against you? No

Have you signed Agreement Precedent to Membership? Yes

State in detail the type of business you intend to transact and how you intend to function as a member of this Exhange: Future and Spot transactions in cotton oil and bean oil as brokers

Initiation fee of $300.— paid 7/19/57, 19 B

If trades are not made for your own account and in your own name as Principal, what name will you give up as Principal? We will clear for customers

What will be your relationship to such Principal? broker

Attach financial statement of your firm if Guarantee has been furnished, or your personal financial statement if no Guarantee is furnished.

Give bank references Manufacturers Trust, Guranty Trust, 1st Natl. City Bank etc.

If your firm is a corporation, are you an officer? ____ If so, what? ____

If your firm is a co-partnership, are you a partner? Yes

If you are an employee or partner, have you submitted with this application Guarantee of your Principal or firm in form furnished by the Secretary of the Exchange? Yes

Do you agree that in the event of your election, you will notify the Committee on Admissions, in writing, of any proposed change from your status as given in this application and secure consent of the Committee thereto? Yes

Signature of Applicant Ira Haupt
(Please sign name in full—NOT initials)

Dated JUL 19 1957

Application must be acknowledged and sworn to on form on page 3.

The applicant will be required to appear before the Committee on Admissions when notified to do so. The failure of the applicant to appear, unless excused, will be understood to be a withdrawal by him of the application.

(To be signed by proposer and seconder who must be members of the Exchange)

Proposed by Salvo R. Arias

Seconded by Sidney Farkas

Application posted July 19, 1957 GFW.

The Proposer and Seconder will please note that they will be required to appear (if notified) before the Committee on Admissions and state what knowledge they have of the applicant.

Clerk

Approved by the Committee on Admissions

CBT
Secretary

Elected by the Board of Managers at 2:30 P.M. o'clock July 31 19 57

E. K. Berg
Secretary

Certificate of Membership / Associate Membership signed,

President

E. K. Berg
Secretary

STATE OF New York }
COUNTY OF New York } ss.:

On the 18 day of July, 19 57

before me personally came IRA HAUPT to me known and known to me to be the individual described in and who executed the foregoing application and he being by me duly sworn did depose and say that he has read the statements contained in said application made by him and that the same are true in all respects and he further acknowledges to me that he executed the same.

Ira Haupt
(Signature of Applicant)

Acknowledged and sworn to before me
this 18 day of July, 19 57

Jesse Heidingsfeld

JESSE HEIDINGSFELD
Notary Public, State of New York
Qualified in Bronx County
No. 03-6832800
Commission Expires March 30, 1958

NP DEPT. DATE EX # 54 IN EV FOR ID
...ar Ass'n Reporting Service

IRA HAUPT & CO.

BALANCE SHEET — MAY 31, 1956

ASSETS

CURRENT ASSETS:		
Cash in banks and on hand, clearing fund margin and other deposits	$ 1,755,680.74	
Receivable from brokers and dealers on open transactions	2,109,771.56	
Receivable from customers on secured and cash accounts	54,140,764.20	
Market value of securities held for joint accounts:		
Municipal securities (Firm's interest $327,683.00)	1,122,830.00	
Other securities (Firm's interest $993,094.00)	1,056,400.00	
Market value of securities held for firm:		
Federal, State and Municipal securities	1,496,200.00	
Other securities	1,615,573.00	
Market value of securities held for partners:		
State and Municipal securities	1,887,620.00	
Other securities	1,780,302.00	
Miscellaneous	6,565.50	
Total Current Assets		$66,971,707.00
OTHER ASSETS:		
Memberships in exchanges at market values	303,610.00	
Land and Building after depreciation	48,450.00	
Miscellaneous other assets and receivables deemed collectible	80,218.75	
TOTAL ASSETS		$67,403,985.75

LIABILITIES AND NET WORTH

CURRENT LIABILITIES:		
Collateral bank loans		$55,915,000.00
Payable to brokers and dealers on open transactions		1,[illegible]6,609.03
Payable to customers:		
Free credit balances		2,395,182.71
Credit balances secured and cash accounts		1,033,086.80
Equities in commodity accounts		342,815.38
Partner's free credit balance		120.29
Market value of securities short for joint account (Firm's interest $41,736.00)		44,400.00
Market value of securities short for firm and partners accounts		37,085.00
Miscellaneous		304,466.13
Total Current Liabilities		$61,945,965.39
Reserve for contractual commitments		7,551.14
NET WORTH		5,450,469.22
TOTAL LIABILITIES AND NET WORTH		$67,403,985.75

Contingent Liabilities:
Contractual commitments and contingencies of a reasonably definite nature would make no material change in the above position.

ACCOUNTANT'S CERTIFICATE

MESSRS. IRA HAUPT & CO.
New York, N. Y.

We have made an audit of the accounts of Ira Haupt & Co. as at May 31, 1956, in accordance with audit regulations of the New York Stock Exchange and Securities and Exchange Commission and, in our opinion, the above statement presents fairly the financial condition of Ira Haupt & Co. as at May 31, 1956.

New York, N. Y.
July 12, 1956

M. J. STILLMAN & CO.
Certified Public Accountants

FINANCIAL STATEMENT

AS OF MAY 31, 1956

IRA HAUPT & Co.

MEMBERS

NEW YORK STOCK EXCHANGE
AMERICAN STOCK EXCHANGE
NEW YORK COTTON EXCHANGE
NEW YORK PRODUCE EXCHANGE (ASSOC.)
NEW ORLEANS COTTON EXCHANGE
COMMODITY EXCHANGE, INC.
CHICAGO BOARD OF TRADE
DALLAS COTTON EXCHANGE
NEW YORK COCOA EXCHANGE

111 BROADWAY
NEW YORK 6, N. Y.

BRANCH OFFICES

99 MADISON AVENUE
501 SEVENTH AVENUE
349 EAST 149th STREET
58 E. FORDHAM ROAD
15 EAST BROADWAY

BROOKLYN
1615 PITKIN AVE.

NEW YORK PRODUCE EXCHANGE

1056e

CONFIDENTIAL

New York, 7/24 19 57

To the Committee on Admissions,
New York Produce Exchange:

I hereby make full and complete answers to the following questions regarding Mr. Ira Haupt who is applying for ~~associate~~ membership in the New York Produce Exchange, and whose application I have ~~proposed~~

How long have you known the applicant? over 15 years

Are you in any way related to him? no

What do you know about his business experience, financial responsibility and his trade reputation? member of N Y Stock Exchange

Have you had business dealing with him? Yes

Have they always been satisfactory? Yes

Do you consider him a desirable member for this Exchange in every way? Yes

Give any additional information you may have.

(Sign here) I. R. Haupt

NOTE:
This sheet to be sent by the signer hereof to:
C. R. Berg, Secretary
New York Produce Exchange
2 Broadway
New York 4, N. Y.

PLF. DEPT. EX # 5B
DATE
Bar Ass'n Reporting Service

Abie Haupt COHAUPT

1057e

CONFIDENTIAL

1/27

New York, July 22 19 57

To the Committee on Admissions,
New York Produce Exchange:

I hereby make full and complete answers to the following questions regarding Mr. Ira Haupt who is applying for membership in the New York Produce Exchange, and whose application I have seconded.

How long have you known the applicant? 10 years

Are you in any way related to him? no

What do you know about his business experience, financial responsibility and his trade reputation? Excellent in all respects

Have you had business dealing with him? Yes

Have they always been satisfactory? Yes

Do you consider him a desirable member for this Exchange in every way? Yes

Give any additional information you may have.

(Sign here) A Fischman

NOTE:
This sheet to be sent by the signer hereof to:
C. R. Berg, Secretary
New York Produce Exchange
2 Broadway
New York 4, N. Y.

PLF.
DEFT.
EX # 5C
IN EV | FOR ID
DATE
Nat Ass'n Reporting Service

AGREEMENT

Precedent to Membership in the New York Produce Exchange

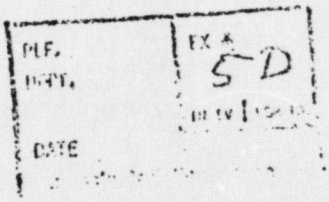
In consideration of my admission to membership in the New York Produce Exchange, I hereby agree that I will pay to the said Exchange the assessments made, or which may hereafter be made, pursuant to the By-Laws of said Exchange, upon my membership or the certificate thereof issued to me, and which shall become due during the time said certificate stands in my name on the books of the Exchange, and that the said membership, the certificate thereof, and all interest therein of myself, my legal representatives and of any person to whom the same may be pledged, hypothecated, transferred or assigned, may be sold by the Board of Managers of said Exchange for non-payment of any assessment or assessments as may be prescribed in the By-Laws of said Exchange, and that I will abide by and be subject to the Charter, By-Laws and Rules of the said Exchange and each of them as they now exist, and as they or any of them may be hereafter amended, added to or otherwise changed.

Dated at New York the 16th day of July 1917

.....

In presence of

.....



Cable Address CONAUPT

PARTNERSHIP GUARANTEE

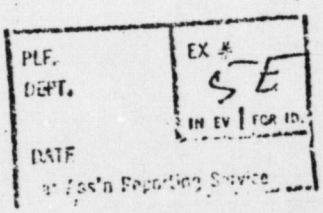
IN CONNECTION WITH APPLICATION FOR MEMBERSHIP

We, the undersigned, herby declare and agree that

Mr. ..Ira. Haupt....,

a partner in the partnership of...Ira. Haupt. & Co.....

has applied for membership in the New York Produce Exchange at our suggestion and for the purpose of representing us on the floor of the Exchange and we hereby guarantee the faithful performance of any contracts he may make in our name and hold ourselves responsible for his acts as a member of the Exchange, during such time as he may remain a partner of this partnership or thereafter until the Exchange shall be notified in writing that he is no longer such partner and that we will not assume further responsibility for his acts or guarantee further contracts made by him.



Signature of Partnership ..... Ira. Haupt & Co

By ..... Partner

Dated..JUL 19 1957.....19....

The First National City Bank of New York

ESTABLISHED 1812

TRUST AFFILIATE

CITY BANK FARMERS TRUST COMPANY

1957 JUL 25 AM 8:51

CABLE ADDRESS "CITIBANK"

55 Wall Street, New York 15, N.Y.

July 24, 1957

Mr. C. R. Berg, Executive Secretary
New York Produce Exchange
Two Broadway
New York 4, New York

IN REPLYING PLEASE QUOTE CR

Dear Mr. Berg:

This is in reply to your inquiry of July 19 regarding Mr. Ira Haupt of Ira Haupt & Co. who you indicate has applied for membership in your Exchange.

While Mr. Haupt does not maintain a personal account with us he is well and favorably known to our institution as a partner of Ira Haupt & Co. of this city. You, of course, are aware that the firm is an old established and prominent dealer in stocks, bonds and commodities in addition to which it serves as an underwriter of securities. As of May 31, 1956 it had a net worth of $5,450,000. The firm has favored us with a valued account since 1942 and our experience, which includes the extension of substantial credit facilities on the usual collateral basis accorded security dealers, has been most pleasant and agreeable in every way.

Mr. Haupt is a gentleman of responsibility and integrity and has been a member of the New York Stock Exchange for many years. We have no hesitancy in commending Mr. Haupt or his firm to your most favorable consideration.

Very truly yours,

Assistant Cashier

ALL FIGURES ARE INFORMED IN ... BELIEVED TO BE ACCURATE BUT ... IS NOT GUARANTEED ... MAY BE INCOMPLETE. ANY STATEMENT ON THE PART OF THIS BANK, OR ANY OF ITS OFFICERS, AS TO THE RESPONSIBILITY OR STANDING OF ANY PERSON, FIRM OR CORPORATION, OR AS TO THE VALUE OF ANY SECURITIES, IS GIVEN AS A MERE MATTER OF OPINION FOR WHICH NO RESPONSIBILITY IN ANY WAY, IS TO ATTACH TO THIS BANK OR ANY OF ITS OFFICERS. FURTHERMORE, NO OFFER OR SOLICITATION ON OUR PART WITH RESPECT TO THE SALE OR PURCHASE OF ANY SECURITIES IS INTENDED OR TO BE IMPLIED.

PLF. DEPT. EX # 5F IN EV | FOR ID.
DATE
Bar Ass'n Reporting Service

July 19, 1957

The First National City Bank
of New York
55 Wall Street
New York 5, New York

Gentlemen:

Mr. Ira Haupt of Ira Haupt & Co. has applied for membership in this Exchange and has given your name as reference.

We shall appreciate any information you may have concerning Mr. Haupt either personally or in connection with his position with Ira Haupt & Co.

It is understood, of course, that any information received will be kept in strict confidence.

Yours very truly,

C. R. BERG
Executive Secretary

CRB:ih

FILE
DEPT.
DATE
EX # 56
INTERVIEW FORM 13
Car Ass'n Position Service

August 1, 1957

Ira Haupt & Co.
111 Broadway
New York 5, New York

Gentlemen:

Please be advised that the Board of Managers at its regular meeting held this date has accepted your application for registration under Section 69 of the By-Laws.

Yours very truly,

ARTHUR F. WIMMER
Assistant Secretary

AFW:ih

NEW YORK PRODUCE EXCHANGE

Application for Registration of a Partnership
Pursuant to Section 69 of the By-Laws

- - - - 4

To the Board of Managers
of the New York Produce Exchange:

The undersigned, a member / associate member of the New York Produce Exchange, hereby makes application for registration of

with the New York Produce Exchange, pursuant to Section 69 of the By-Laws and for that purpose furnishes the following required information:

(1) Name of Partnership:

VRA HAUPT & CO.

(2) Location of principal office and place of business:

111 Broadway, New York 6, N. Y.

(3) Names and addresses of members of the Partnership:

General Partners:

Limited Partners: NONE

(4) Names and addresses of members and employees of Partnership who are members of the Exchange:

NONE

Associate Membership of S.E. Worms, deceased, only membership held prior to now.

(5) Nature of the business of the Partnership:

Stock and Commodity Brokerage

(6) State the relationship existing between the applicant and the Partnership:

Partner

(7) State the names of all employees of the Partnership, if any, who are also members of the Exchange and who are authorized to enter into contracts for and in behalf of the Partnership on the floor of the Exchange:

NONE

(8) State the relationship to the Partnership of each person named in item "(7)" above:

NONE

(9) State whether you have at any time registered any other partnership or any corporation with the Exchange:

Yes, Ira Haupt & Co. Membership conferred upon partnership by S.E. Worms, deceased.

NOTE: The following documents will be furnished on request of the Exchange:

(a) Copy of Partnership Agreement.

(b) Financial statement of the Partnership as of a date not more than two months immediately preceding the date of this application.

Dated at N.Y. the 18th day of July 1957.

Ira Haupt
Applicant

State of New York
County of New York } ss.

Ira Haupt being duly sworn, deposes and says:

I am a member / ~~associate member~~ of the New York Produce Exchange holding certificate of membership No. 2624 and I am also a member of the firm of Ira Haupt & Co. the Partnership for which I applied for registration with the Exchange under and pursuant to the By-Laws thereof. I know of my own knowledge that the statements made in the within application are true and correct in every particular, and the same are made for the purpose of inducing the New York Produce Exchange to register said Partnership under Section 69 of the By-Laws, and I agree that I will promptly inform the Exchange in writing of any contemplated change of my relationship to said Partnership from that set forth in the aforesaid application.

Ira Haupt
Applicant

Sworn to before me this 18 day of July, 1957

Notary Public

AGREEMENT BY PARTNERSHIP

The undersigned hereby declares and agrees that Ira Haupt a ____ member of the New York Produce Exchange, who has applied for registration of the undersigned with the Exchange pursuant to Section 69 of the By-Laws of said Exchange, was and is duly authorized to make such application, and in consideration of the approval by the Board of Managers of the New York Produce Exchange to the registration of the undersigned with the Exchange for the purpose of enjoying certain privileges of membership as provided by the By-Laws of the Exchange do hereby agree to comply with all of the provisions of said Section 69 of the By-Laws and do hereby guarantee the due, timely and faithful performance of any and all contracts made for or in the name of the undersigned by the said Ira Haupt and ____ on the floor of the Exchange.

And the undersigned Partnership and each member thereof further declares and agrees that they are and each of them is acquainted with the Charter, By-Laws, Rules and Regulations of the Exchange and hereby agrees to abide and be bound by and subject to all of the provisions of said Charter, By-Laws, Rules and Regulations, and each of them, as they now exist and as they or any of them may be hereafter amended, added to or otherwise changed.

Dated at N.Y. on the 14 day of July 195[illegible]

In the presence of:

[signature]

[signature]
Name of Partnership

By [signature]
Partner

July 18, 1957

Ira Haupt & Co.
111 Broadway
New York 6, New York

Gentlemen:

We have your letter of July 2, 1957 and wish to advise you that the Board of Managers of this Exchange at its regular meeting held July 11, 1957 has authorized Mr. Bertram H. Goldsmith to represent your firm on the floor of this Exchange in the place and stead of the late Mr. S. E. Worms, from July 1, 1957 to July 31, 1957.

Yours very truly,

C. R. BENG
Executive Secretary

CRB:ih

PLF. DEPT. DATE
EX 6C
IN EV FOR ID
Bar Ass'n Reporting Service

WORTH 4-6000
Address COHAUPT

1067e

IRA HAUPT & Co.

1957 JUL -8 AM 8:40

Members
NEW YORK STOCK EXCHANGE
AMERICAN STOCK EXCHANGE
NEW YORK COTTON EXCHANGE
NEW ORLEANS COTTON EXCHANGE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
CHICAGO MERCANTILE EXCHANGE
COMMODITY EXCHANGE, INC.
CHICAGO BOARD OF TRADE
MEMPHIS COTTON EXCHANGE
DALLAS COTTON EXCHANGE

111 BROADWAY · NEW YORK 6, N.Y.

BRANCH OFFICES
99 MADISON AVENUE
501 SEVENTH AVENUE
349 EAST 149TH STREET
58 E. FORDHAM ROAD
15 EAST BROADWAY
BROOKLYN
1615 PITKIN AVE.

July 2, 1957

New York Produce Exchange
2 Broadway
New York, New York

Attention: Mr. C. R. Berg, Executive Secretary

Dear Sirs:

As you are aware, our partner, Mr. S. E. Worms, through whose membership this firm was entitled to the privileges of membership on your Exchange, died on June 30, 1957. Pursuant to Section 69 (a) of the by-laws, this firm hereby designate Mr. Bertram M. Goldsmith, a general partner of this firm to represent them on the New York Produce Exchange. Our firm agrees to abide by the charter, the by-laws and the regulations of the Exchange and specifically Section 69 (a) of the by-laws. The five persons for whom sign lines appear below are the only remaining partners in our firm.

Very truly yours,

IRA HAUPT & CO.

By: Ira Haupt
Ira Haupt

Udo M. Reinach
Udo M. Reinach

Bertram M. Goldsmith
Bertram M. Goldsmith

Martin Scherk
Martin Scherk

Townsend E. Allen
Townsend E. Allen

PLF.
DEFT.
EX # 6E
DATE
IN EV | FOR ID.
Bar Ass'n Reporting Service

September 18, 1957

Office of Investigations
and Audits
Board of Trade of the City of Chicago
Chicago 4, Illinois

Attn: Mr. Albert C. Christian,
Administrator

Gentlemen:

We have your inquiry concerning Mr. Ira Haupt of this city.

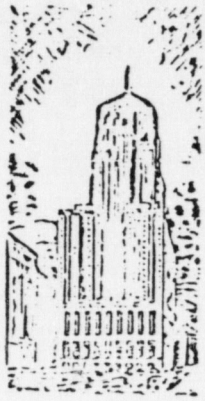
Mr. Haupt became a member of this Exchange on July 31, 1957, and is presently a member in good standing. He is a partner of the well-known firm of Ira Haupt & Co. and we know of no reason why he should not be given favorable consideration for membership in your Exchange.

Yours very truly,

C. R. BERG
Executive Secretary

CRB:ih

PLF.
DEFT.
EX # 6F
IN EV FOR ID
DATE
Bar Ass'n Reporting Service



BOARD OF TRADE
OF THE CITY OF CHICAGO

ZONE 4

OFFICE OF INVESTIGATIONS AND AUDITS

September 16, 1957

1957 SEP 17 PM 1:51

New York Produce Exchange
Office of the Secretary
26 Broadway
New York, New York.

Re; Mr. Ira Haupt

Dear Sir:

We are in receipt of an application for membership in the Board of Trade of the City of Chicago from the named individual, in which he advises, in part, that he is now, or has been, a member of your Exchange.

In connection therewith, it will be greatly appreciated if you will advise us whether or not Mr. Haupt is (or was) a member in good standing in your Exchange. If you can give us any other information regarding this applicant, it will be appreciated. Information furnished by you will be treated in strict confidence and used only in determining the applicant's eligibility for membership.

A self-addressed stamped envelope is enclosed for your convenience in replying.

Very truly yours,

Albert C. Christian

Albert C. Christian
ADMINISTRATOR

PLF.
DEFT.
EX # 66
IDENTIFICATION
DATE
Assn Reporting Service

NEW YORK PRODUCE EXCHANGE

July 31, 1957

Mr. Ira Haupt
Ira Haupt & Co.
111 Broadway
New York 6, N.Y.
Dear Mr. Haupt:

It is a pleasure to inform you that on the above date the Board of Managers elected you to membership in the New York Produce Exchange.

Your certificate of Membership will be ready for you in about a week and we suggest that you send us your written authorization as to mailing or delivery.

We are sending you under separate cover:

1. Forms for registering in trade groups pursuant to Section 55 of the By-Laws. A separate application is necessary for each trade group.

2. Membership Directory.

3. Annual Report.

4. List of Officers and Managers.

If you wish any additional information, please communicate with this office.

Yours very truly,

C. R. Berg,
Executive Secretary

PLF. DEPT. EX # 6H IN EV FOR ID DATE Bar Ass'n Exhibit Service

Telephone WORTH 4-6000
Cable Address COHAUPT

IRA HAUPT & Co.

Members
NEW YORK STOCK EXCHANGE
AMERICAN STOCK EXCHANGE
NEW YORK COTTON EXCHANGE
NEW ORLEANS COTTON EXCHANGE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
CHICAGO MERCANTILE EXCHANGE
COMMODITY EXCHANGE, INC.
CHICAGO BOARD OF TRADE
MEMPHIS COTTON EXCHANGE
DALLAS COTTON EXCHANGE

111 BROADWAY · NEW YORK 6, N. Y.

BRANCH OFFICES
99 MADISON AVENUE
501 SEVENTH AVENUE
349 EAST 149TH STREET
58 E. FORDHAM ROAD
15 EAST BROADWAY
BROOKLYN
1615 PITKIN AVE.

BY HAND

July 23, 1957

Mr. Berg, Secretary
New York Produce Exchange
42 Broadway
New York, N. Y.

Dear Sir:

We enclose our check in the amount of $1500.00 in accordance with your request.

We wish to thank you for the courtesy extended to us during this period and trust that the future will be a prosperous one for your Exchange.

Very truly yours,

IRA HAUPT & CO.

Thomas J. Costello, Jr.

TJC:cz
Enc.

PMF. DEPT. EX # 6-I

July 19, 1957

Mr. Thomas Costello
Ira Haupt & Co.
111 Broadway
New York 6, New York

Dear Mr. Costello:

This will confirm our telephone conversation today, and in accordance with your order to register for purchase July 19, 1957, we have arranged for the purchase of New York Produce Exchange Certificate of Membership No. 2624 at a price of $1,500 with all annual dues and all assessments due to date paid.

Please let us have your check in the above amount.

Yours very truly,

C. R. BERG
Executive Secretary

CRB:ih

PLF. EX # 6 J
DEFT. IN EV | FOR ID
DATE ...n Reporting Service

Telephone WORTH 4-6000
Cable Address COHAUPT

IRA HAUPT & CO.

Members
NEW YORK STOCK EXCHANGE
AMERICAN STOCK EXCHANGE
NEW YORK COTTON EXCHANGE
NEW ORLEANS COTTON EXCHANGE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
CHICAGO MERCANTILE EXCHANGE
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CHICAGO BOARD OF TRADE
MEMPHIS COTTON EXCHANGE
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111 BROADWAY · NEW YORK 6, N. Y.

BRANCH OFFICES
99 MADISON AVENUE
501 SEVENTH AVENUE
349 EAST 149TH STREET
58 E. FORDHAM ROAD
15 EAST BROADWAY
BROOKLYN
1615 PITKIN AVE.

1958 AUG -2 AM 8:51

August 1, 1957.

New York Produce Exchange
2 Broadway
New York 4, N. Y.

ATT: Mr. C. R. Berg

Dear Mr. Berg:

Thank you very much for your letter of July 31st.

All correspondence, including my Certificate of Membership, is to go to me at this address.

Thanking you for your kind attention, I am

Yours very truly,

Ira Haupt

IH:RR

PLF. DEPT. EX # K IN EV FOR ID

are also members of the Exchange and who are authorized to enter

1957-S
Annual dues $250.
PAID UNPAID

1957-S
Capital Assess. $100.
PAID UNPAID

FROM: Certificate No. 2624

In whose name issued: Charles W. Bowring, Jr.

Financial statement ✓

Proposer (Name) Salvo R. Arias ✓

Seconder (Name) Sidney Fashena ✓

Bank(s) First National City Bank of N.Y. ✓

Resignation in order ✓

Agreement ✓

Principal's Guarantee ✓

Posted: 7/19/57

Applicant: IRA HAUPT

PLF. DEFT. EX # 67 IDENTIFICATION DATE Reporting Service

EX H 7A
DATE 4/April/65
Bar Ass'n Deportion Service

APPLICATION FOR MEMBERSHIP

IN NEW YORK PRODUCE EXCHANGE

The undersigned hereby applies for Membership in the New York Produce Exchange, on Membership Number 2624, and warrants the truthfulness of his answers to the following questions, or any others that may be asked by the Committee on Admissions, and agrees that in case of any willful misstatement his election to Membership may be annulled and voided by the Board of Managers:

State full name Joseph (First) MARTIN (Middle) Kaufman (Last)

Date of Birth 1/17/02 Where Born Exeter Boro., Penna Citizen of U. S. A.

Residence Address 185 Long Lots Road, Westport, Conn.

Business Address 111 Broadway, New York 6, N. Y. (Zone)

Name of Firm IRA HAUPT & CO.

Nature of Business General brokerage and commission business, including purchase of and the sale of, and dealing in stocks, bonds, notes, bills of exchange and commodities as principals and brokers such as is customarily conducted by so-called Stock Exchange and Commodity Exchange brokers

If elected, how do you wish to be listed in the Directory? Joseph M. Kaufman

Give names and addresses of your firm or firms during the last ten years

4/1/60 to present: General Partner, Ira Haupt & Co.

before April 1, 1960 extending beyond 7 years in individual practice of law

Have you served in the Armed Forces of this country? No If so, when?

Were you ever a member of this Exchange? No If so, when?

Have you ever been rejected for, or expelled from, membership in this or any other Exchange or other Trade Organization? No

Have you ever been suspended from this or any other Exchange? No If so, set forth details

Are you a member of any other Trade Organization or Exchange? Yes If so, which? Allied member New York Stock Exch., Member: Commodity Exch., Inc., New York Cotton Exch., Pacific Coast Stock Exch., Chicago Mercantile Exch., N.Y. Cocoa Exch.,

Have you ever failed in business? No If so, have you settled with your creditors?

Have you any unsatisfied judgments against you? No

Have you signed Agreement Precedent to Membership in form furnished by the Secretary of the Exchange? Yes

State in detail the type of business you intend to transact and how you intend to function as a member of this Exchange:

commission merchant through Ira Haupt & Co.

Initiation fee of $ 300.00 paid July 24, 1963
(Please remit with application)

JM

If trades are not made for your own account and in your own name as Principal, what name will you give up as Principal? Ira Haupt & Co.

What will be your relationship to such Principal? General Partner

Attach financial statement of your firm if Guarantee has been furnished, or your personal financial statement if no Guarantee is furnished.

Give bank references Morgan Guaranty Trust Address Main Office, N. Y. C.

Address

If your firm is a corporation, are you an officer? If so, what?

If your firm is a co-partnership, are you a partner? General Partner

If you are an employee or partner, have you submitted with this application Guarantee of your Principal or firm in form furnished by the Secretary of the Exchange? Yes

Do you agree that in the event of your election, you will notify the Committee on Admissions, in writing, of any proposed change from your status as given in this application and secure consent of the Committee thereto? Yes

Signature of Applicant Joseph Curtis Hartman
(Please sign name in full—NOT initials)

Dated July 26, 1963

Applicant must be acknowledged and sworn to on form on page 3.

The applicant will be required to appear before the Committee on Admissions when notified to do so. The failure of the applicant to appear, unless excused, will be understood to be a withdrawal by him of the application.

(To be signed by proposer and seconder who must be members of the Exchange)

Proposed by

Seconded by

Application posted July 29, 1963

The Proposer and Seconder will please note that they will be required to appear (if notified) before the Committee on Admissions and state what knowledge they have of the applicant.

Clerk

Approved by the Committee on Admissions

ARTHUR F. WINHEIM, Assistant Secretary

Elected by the Board of Managers at 11:30 A.M. o'clock August 14, 1963 19xx

ARTHUR F. WINHEIM, Assistant Secretary

1076

(See inside)

STATE OF New York }
COUNTY OF New York } ss.:

On the 26th day of July, 19 63

before me personally came Joseph M. Kaufman to me known and known to me to be the individual described in and who executed the foregoing application and he being by me duly sworn did depose and say that he has read the statements contained in said application made by him and that the same are true in all respect and he further acknowledges to me that he executed the same.

Joseph M. Kaufman
(Signature of Applicant)

Acknowledged and sworn to before me
this 26th day of July, 1963

Max Rosenberg

MAX ROSENBERG
Notary Public, State of New York
No. 24-0650890
Qualified in Kings County
Commission Expires March 30, 1964

IRA HAUPT & CO BALANCE SHEET OCTOBER 25, 1962

PLF. DEPT. DATE
EX # 78
Bar Ass'n Reporting Service

ASSETS

Current Assets:

Cash in banks and on hand, clearing fund, margin and other special deposits		$ 1,375,442.81
Good faith deposits		450,830.00
Receivable from brokers and dealers on open transactions		3,804,501.33
Receivable from customers on secured and cash accounts		63,387,474.77
Receivable from other brokers on joint accounts carried by the firm		1,757,824.53
Market value of the firm's interest in securities in joint accounts carried by the firm:		
State and Municipal obligations	$ 477,267.00	
Other securities	298,738.00	776,005.00
Market value of securities held for firm and general partners:		
Federal, State and Municipal obligations	6,722,385.00	
Other securities	1,396,359.00	8,118,744.00
Market value of securities held under subordination agreement and in limited partners' capital accounts, $2,530,270.00 — limited by agreement to		1,882,943.42
Miscellaneous accounts receivable		97,142.80
Total Current Assets		81,660,908.66

Other Assets:

Memberships in exchanges, at latest sales prices	478,730.00
Miscellaneous other assets and receivables	144,627.93
Furniture and fixtures, less depreciation	82,043.55
TOTAL ASSETS	$82,366,310.14

LIABILITIES AND NET WORTH

Current Liabilities:

Money borrowed — secured by collateral		$60,580,000.00
Payable to brokers and dealers on open transactions		4,159,909.10
Payable to customers:		
Free credit balances	$4,215,595.08	
Credit balances in secured and cash accounts	2,734,332.94	
Equities in commodity accounts	255,110.70	
Credit balances in accounts having open contractual commitments	45,030.99	7,250,069.71
Payable to other brokers on joint accounts carried by the firm		69,575.68
Market value of securities sold, but not yet purchased:		
Firm accounts	2,637,566.00	
Firm's interest in joint account	49,210.00	2,686,776.00
Reserves for business taxes, salesmen's commissions and distribution to limited partners		490,703.03
Accounts payable and accrued expenses		507,530.82
Total Current Liabilities		75,744,564.34

Subordinated Liabilities and Net Worth:

Liabilities subordinated to claims of general creditors	143,235.00	
Net Worth	6,478,510.80	6,621,745.80
TOTAL LIABILITIES & NET WORTH		$82,366,310.14

ACCOUNTANTS' REPORT

Ira Haupt & Co.

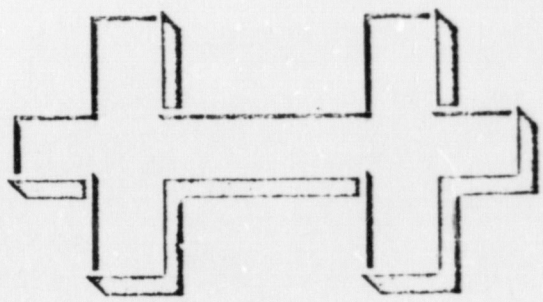
New York, N. Y.

We have examined the statement of financial condition of Ira Haupt & Co. as of October 25, 1962. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records relating to the assets and liabilities as of that date and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the above statement of financial condition presents fairly the financial position of Ira Haupt & Co. at October 25, 1962, in conformity with generally accepted accounting principles.

PEAT, MARWICK, MITCHELL & CO.
Certified Public Accountants

New York, N. Y.
November 27, 1962



IRA HAUPT & CO

Members New York Stock Exchange and All Principal Exchanges
111 BROADWAY, NEW YORK 6, N. Y.

NEW YORK 219 Park Row
501 Seventh Avenue
375 East 149th Street
58 East Fordham Road
99 Madison Avenue

BROOKLYN 1615 Pitkin Avenue

STATE COLLEGE, PENNSYLVANIA 102 East College Avenue

CHICAGO, ILLINOIS 141 W. Jackson Blvd.

DALLAS, TEXAS 2605 Southland Center

SAN FRANCISCO, CALIFORNIA 315 Montgomery Street

BEVERLY HILLS, CALIFORNIA 166 N. Canon Drive

FINANCIAL STATEMENT OCTOBER 25, 1962

IRA HAUPT & CO

1080e

PLF. DEPT.	EX # 7C
DATE	

CONFIDENTIAL

New York, July 30th 19 62

To the Committee on Admissions,
New York Produce Exchange:

I hereby make full and complete answers to the following questions regarding Mr. Joseph M. Kaufman who is applying for membership in the New York Produce Exchange, and whose ~~application~~ proposed application I have ~~seconded~~

How long have you known the applicant? Reasonably Short time (6 mos)

Are you in any way related to him? No! -

What do you know about his business experience, financial responsibility and his trade reputation? Mr. Kaufman is the son-in-law of the late Irb Haupt. -

Have you had business dealing with him? With his firm! -

Have they always been satisfactory? Yes!

Do you consider him a desirable member for this Exchange in every way? Yes! -

Give any additional information you may have.

(Sign here) Alton Greenfield

NOTE:
This sheet to be sent by the signer hereof to:
C. R. Berg, Secretary
New York Produce Exchange
2 Broadway
New York 4, N.Y.

PLF. DEFT. EX. # 7D IDEN. EVID.
DATE
Bar Ass'n Reporting Service

CONFIDENTIAL

New York, August 13 1963

To the Committee on Admissions,
New York Produce Exchange:

I hereby make full and complete answers to the following questions regarding Mr. Joseph M. Kaufman who is applying for membership in the New York Produce Exchange, and whose application I have seconded

---

How long have you known the applicant? Briefly.

Are you in any way related to him? No.

What do you know about his business experience, financial responsibility and his trade reputation? Lawyer-was in private practice 1949-1960. Yale graduate. Son-in-law of Ira Haupt. Now general partner-been with Haupt since April 1960. Member of all principal exchanges.

Have you had business dealing with him? With firm continuosly

Have they always been satisfactory? Yes.

Do you consider him a desirable member for this Exchange in every way? Yes.

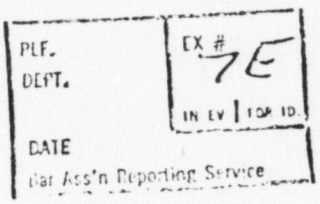
Give any additional information you may have.

(Sign here) [signature]

NOTE:
This sheet to be sent by the signer hereof to:
C. R. Berg, Secretary
New York Produce Exchange
2 Broadway
New York 4, N.Y.

PARTNERSHIP GUARANTEE

IN CONNECTION WITH APPLICATION FOR MEMBERSHIP



We, the undersigned, herby declare and agree that

Mr. JOSEPH M. KAUFMAN,
a partner in the partnership of IRA HAUPT & CO.
has applied for membership in the New York Produce Exchange at our suggestion and for the purpose of representing us on the floor of the Exchange and we hereby guarantee the faithful performance of any contracts he may make in our name and hold ourselves responsible for his acts as a member of the Exchange, during such time as he may remain a partner of this partnership or thereafter until the Exchange shall be notified in writing that he is no longer such partner and that we will not assume further responsibility for his acts or guarantee further contracts made by him.

Signature of Partnership Ira Haupt & Co.

By David Berger
Partner

Dated July 26 1963

PHT. DEPT. EX. # 7F INTV 1964 12
DATE
Bar Ass'n Deposition Service

1083e

AGREEMENT

PRECEDENT TO MEMBERSHIP IN THE NEW YORK PRODUCE EXCHANGE

In consideration of my admission as a member of the New York Produce Exchange, I hereby agree that I will pay to the said Exchange all assessments made, or which may hereafter be made, pursuant to the By-Laws of said Exchange, upon my membership and which shall become due during the time said membership stands in my name on the records of the Exchange, and that the said membership, and all interest therein of myself, my legal representatives and of any person to whom the same may be pledged, hypothecated, transferred or assigned, may be sold by the Board of Managers of said Exchange for non-payment of any assessment or assessments as may be prescribed in the By-Laws of said Exchange, and that I will abide by and be subject to the Charter, By-Laws and Rules of the said Exchange and each of them as they now exist, and as they or any of them may be hereafter amended, added to or otherwise changed.

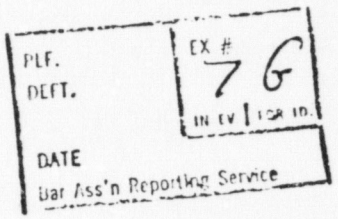
Dated at New York the 26th day of July 19 63

Joseph M. Cantina

In presence of

Alex Lowry

hedged through us. Such loans are hereinafter referred to as



July 29, 1963

Morgan Guaranty Trust Co.,
of New York
140 Broadway
New York, N.Y. 10007

Gentlemen:

Mr. Joseph M. Kaufman a General Partner of Ira Haupt & Co., 111 Broadway New York 6, N. Y., has applied for membership in this Exchange and has given your name as reference.

We shall appreciate any information you may have concerning Mr. Kaufman either personally or in connection with his position as a General Partner of Ira Haupt & Co.

It is understood, of course, that any information received will be kept in strict confidence.

Yours very truly,

C. R. MMG
Managing Director

CRB:mh

the respective exchange. With said warehouse receipts you will

15

1963 AUG -1 AM 9:02

ARANTY TRUST COMPANY
OF NEW YORK
BROADWAY, NEW YORK 15

New York July 31, 1963

IN REPLYING PLEASE REFER TO C-45

Mr. C. R. Berg, Managing Director
New York Produce Exchange
Two Broadway
New York, New York

Dear Mr. Berg:

This letter is confidential and written without prejudice, as a matter of business courtesy, with the understanding that its source and contents will not be divulged, and that no responsibility therefor is to attach to this Company or any of its Officers or Agents. It contains information and expressions of opinion subject to change without notice, and, while obtained from sources deemed reliable, the accuracy of any statement herein made is not vouched for in any way.

This is in reply to your inquiry of July 29 concerning Mr. Joseph M. Kaufman of Ira Haupt & Company, 111 Broadway, New York 6, New York.

The subject individual has maintained a personal account with us for many years, and our experience has been satisfactory throughout the relationship. Mr. Kaufman is a partner in the brokerage firm, Ira Haupt and Company, of this city, which is also a valued client of ours.

We have a favorable impression of Mr. Kaufman, and believe he is worthy of favorable consideration for membership in your exchange.

Yours very truly,

John M. Eldridge
Assistant Vice President

PLF. DEPT. EX # 7H IN EV | FOR ID.
NW DATE
Bar Ass'n Reporting Service

6. In any situation in which we are carrying hedged loans

x 1000'

August 14, 1963

Ira Haupt & Co.
111 Broadway
New York, New York 10006

Attn: Mr. Joseph M. Kaufman

Gentlemen:

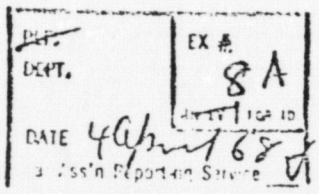
Reference is made to your application for registration under Section 69 of the By-Laws of this Exchange.

Please be advised that the Board of Managers of this Exchange has accepted said application effective as of this date.

Yours very truly,

ARTHUR F. WINNEN
Assistant Secretary

AFW:iuh



conditions of the contract, and your president will confirm

NEW YORK PRODUCE EXCHANGE

Application for Registration of a Partnership
Pursuant to Section 69 of the By-Laws

- - - -

To the Board of Managers
of the New York Produce Exchange:

The undersigned, a member of the New York Produce Exchange, hereby makes application for registration of Joseph M. Kaufman

with the New York Produce Exchange, pursuant to Section 69 of the By-Laws and for that purpose furnishes the following required information:

(1) Name of Partnership:

IRA HAUPT & CO.

(2) Location of principal office and place of business:

111 Broadway, New York 6, N. Y.

(3) Names and addresses of members of the Partnership:

General Partners: see list attached

Limited Partners: see list attached

(4) Names and addresses of members and employees of Partnership who are members of the Exchange:

None

(5) Nature of the business of the Partnership:

General brokerage and commission business, including purchase of and the sale of, and dealing in stocks, bonds, notes, bills of exchange and commodities as principals and brokers such as is customarily conducted by so-called Stock Exchange and Commodity Exchange brokers.

(6) State the relationship existing between the applicant and the Partnership:

General Partner

margin deposited with us, equal to 42.86% of the amount of the

(7) State the names of all employees of the Partnership, if any, who are also members of the Exchange and who are authorized to enter into contracts for and in behalf of the Partnership on the floor of the Exchange:

None

(8) State the relationship to the Partnership of each person named in item "(7)" above:

(9) State whether you have at any time registered any other partnership or any corporation with the Exchange:

No

NOTE: The following documents will be furnished on request of the Exchange:

(a) Copy of Partnership Agreement.

(b) Financial statement of the Partnership as of a date not more than two months immediately preceding the date of this application.

Dated at New York the day of July 1963.

Joseph M. Kaufman
(Signature of Applicant)

State of New York)
: ss.
County of New York)

Joseph M. Kaufman being duly sworn, deposes and says:

I am a member ~~associate member~~ of the New York Produce Exchange holding certificate of full membership No. 13 and I am also a member of the firm of Ira Haupt & Co. the Partnership for whom I applied for registration with the Exchange under and pursuant to the By-Laws thereof. I know of my own knowledge that the statements made in the within application are true and correct in every particular, and the same are made for the purpose of inducing the New York Produce Exchange to register said Partnership under Section 69 of the By-Laws, and I agree that I will promptly inform the Exchange in writing of any contemplated change of my relationship to said Partnership from that set forth in the aforesaid application.

Joseph M. Kaufman
(Signature of Applicant)

Sworn to before me this 16th day of July 1963.

MAX ROSENBERG
Notary Public, State of New York
No. 24-[illegible]

maintenance of margins or futures contracts and relating to liqui-

AGREEMENT BY PARTNERSHIP

The undersigned hereby declares and agrees that Joseph M. Kaufman a full member of the New York Produce Exchange, who has applied for registration of the undersigned with the Exchange pursuant to Section 69 of the By-Laws of said Exchange, was and is duly authorized to make such application, and in consideration of the approval by the Board of Managers of the New York Produce Exchange to the registration of the undersigned with the Exchange for the purpose of enjoying certain privileges of membership as provided by the By-Laws of the Exchange do hereby agree to comply with all of the provisions of said Section 69 of the By-Laws and do hereby guarantee the due, timely and faithful performance of any and all contracts made for or in the name of the undersigned by the said Joseph M. Kaufman and Ira Haupt & Co. on the floor of the Exchange.

And the undersigned Partnership and each member thereof further declares and agrees that they are and each of them is acquainted with the Charter, By-Laws, Rules and Regulations of the Exchange and hereby agrees to abide and be bound by and subject to all of the provisions of said Charter, By-Laws, Rules and Regulations, and each of them, as they now exist and as they or any of them may be hereafter amended, added to or otherwise changed.

Dated at _____ on the _____ day of _____ 195__.

In the presence of:

_____

Ira Haupt & Co.
Name of Partnership

By David E. Teiger
Partner

accelerated and we shall have the right to take such action as

IRA HAUPT & CO.

GENERAL PARTNERS

Ira Haupt (deceased)	Deal Road, Deal, N. J.
Morton Kamerman	1125 Park Avenue, New York, N. Y.
~~Ira Haupt II~~	~~750 Kapock Street, Riverdale, N. Y.~~
David A. Teiger	9 Korwel Circle, West Orange, N. J.
Martin Scherk	36 Woodmere Boulevard, Woodmere, N. Y.
Townsend Everett Allen	Sycamore Drive, Sands Point, N. Y.
Samuel Fink	1340 Sussex Road, West Englewood, N. J.
D. Dudley Jaffin	150 East 77th St., New York, N. Y.
Mortimer Auster	56 Country Ridge Drive, Port Chester, N.Y
Elias Wartels	177 Fox Meadow Road, Scarsdale, N. Y.
Maurice Glaubach	840 Grand Concourse, Bronx, N. Y.
Joseph M. Kaufman	185 Long Lots Road, Westport, Conn.

LIMITED PARTNERS

Gladys Knapp	Rancho Gladavida, Thousand Oaks, Calif.
Lazarus S. Heyman	121 Deer Hill Ave., Danbury, Conn.
Clarisse B. Kampel	1035 Fifth Ave., New York, N. Y.
Bernard Klebanow	220 Central Park South, New York, N. Y.
Audrey Lees	57 Beacon Hill Rd., Port Washington, N.Y.
George Lewis	55 Central Park West, New York, N. Y.
Charles Marantz (deceased)	135 Central Park West, New York, N. Y.
Samuel W. H. Nexsen	84 Leamington Street, Lido Beach, N. Y.
Egon H. Ottinger	Croton Dam Road, Croton-on-Hudson, N.Y.
Benjamin Shapiro	115 Central Park West, New York, N. Y.
Michael Sloan	86-71 Pinto Street, Hollis 23, N. Y.
Henry Schlenger	5 Fernwood Circle, West Orange, N. J.

DEFENDANTS' EXHIBIT 13

Trustee's Ex 4 (Newman) 3/27/65

Trustee's Ex 1 (Barton) 2/28/64

Trustee's Ex 2 (Haupt) 1/5/65

MEMO

TO: David Teiger

FROM: Edmund Newman

DATE: March 7, 1963

With regard to our conversation yesterday concerning the commodity account of Anthony (Tino) De Angelis, the corporation he controls--Allied Crude Vegetable Oil Refining Corporation--and its associate companies; kindly be advised that the following are to the best of my knowledge, the company's proposals and the facts given below were obtained from them. Furthermore, it is my understanding that the general method of operation detailed herein is being carried out by the aforementioned companies and individuals with several other brokerage firms, namely D. F. Commerzo and J. R. Williston & Beane.

1) Allied proposes to open a commodity trading account with Ira Haupt & Company. The primary purpose of this account will be to hedge its position in soybean and cottonseed oils. Normal margins will be maintained by the corporation in accordance with current regulations.

2) Allied desires financing of a short term, revolving nature in order to effect purchase of oil against firm contracts for export. The amount involved will be approximately $2,000,000.00 to $3,000,000.00 (one ship load) and will be needed for a period of thirty (30) to ninety(90) days maximum. As collateral for our loan, the corporation will arrange for field warehouse receipts to be issued to Ira Haupt & Company by one or several of the following independent warehouse tank corporations:

A) American Express Company
B) American Liberty Tank Stores Company
C) Harbor Tank Stores Company
D) Hess Terminal Corporation
E) Manhattan Tank Storage Company

The amount of margin money extended by Ira Haupt & Company will amount to 80% of the value of the field warehouse receipts. Allied will maintain this margin and will supply additional collateral if it becomes necessary. At the present time, the Corporation pays a premium of one-half per cent above brokerage cost for this money.

All inventory pledged for collateral will be completely hedged, either on the "Board" or against actual contracted sale. Allied will supply Ira Haupt & Company with a photostatic copy of all contracts against which the firm has made a loan.

All sales by Allied are for cash. Approximately two-thirds of Allied's export business is done on contract through exporters such as Bunge (against whom they sometimes compete). The balance, which is done directly, is also a cash transaction in U. S. Dollars. At the present time, Allied is being financed by the Whitney National Bank of New Orleans and the Pacific National Bank of San Francisco for a total sum of approximately $6,500,000. This is in addition to the financing which is done by the aforementioned brokerage firms.

3) In addition to the foregoing, Anthony De Angelis (a member of the Chicago Board of Trade) and Michael De Angelis (a member of the New York Produce Exchange) will cause to have trade accounts of approximately 20 independent firms opened with Ira Haupt & Company. These firms, whose names can be supplied upon request, are independent companies in which, I am informed, no principal of Allied nor the corporation itself holds any financial interest. There appears to be, however, a close working relationship between these companies and Allied, and the companies place their trading through Messrs. De Angelis. Written authorization to this effect will be supplied at the time the accounts are opened. I am informed that for all practical purposes these accounts do not take delivery of any contracts since their trading is primarily for purposes of hedging. Furthermore, no financing of inventory against field warehouse receipts is needed or expected.

4) I have been assured by the principals of Allied that with financing extended for the amount indicated the firm could expect a minimum of 3,000 contracts per month which would be divided approximately as follows:

Allied Crude Vegetable Oil Refining Corp. (Member Rate)

1,000 contracts per month (round trip) at $15 per contract.....	$ 15,000
500 contracts per month (delivery taken) at $7.50 per contract...	3,750

Independent Firms (Non-Member Rate with 1/3 Give Up).

1,500 contracts per month (round trip at $20 per contract.....	30,000
Total Gross Commission per month	$ 48,750
Total Gross Commission per year	$ 585,000

At this point, I should like to add that based upon my knowledge of this commodity operation as of several months ago, the gross annual commissions would probably run close to $700,000. The principals, however, will assure me of the lower figure only as a minimum.

1092

(3)

SS 12139

I believe that if Ira Haupt & Company does not wish to extend financing of the amount discussed when it first takes on these accounts, that it would be possible to work out financing to a lesser amount with a consequent proportionate decrease in the amount of commission business.

The company indicated to me that 1963 should be an outstanding business year. The demand for vegetable oils in Western European nations, the Middle East and certain parts of Africa is, of course, reflecting itself in the business of the company. The corporation has recently completed a very large vegetable oil refining plant costing well in excess of $1,000,000. It was financed entirely with retained earnings. In talking with the principals of the corporation, I gained the impression that they will be very happy to work along with us on any reasonable basis. I personally feel, that through the years the size of these accounts described herein will grow substantially and will be of assistance in making this firm a major commodity house.

DEFENDANTS' EXHIBIT 15

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

LETTER OF INTENT

Allied Crude Vegetable Oil Refining Company
Bayonne, New Jersey

Gentlemen:

This letter is addressed to you in confirmation of our recent conferences and to outline the terms upon which we are prepared to furnish financing for your operations.

1. Loans will be made up to a maximum of 2,500,000 outstanding at any one time upon the terms and conditions set forth in this letter. We reserve the right, in our sole judgment, to determine whether any particular application for loan shall be accepted by us, and to revise the terms and conditions upon which we shall accept an application for a loan, we further reserve the right at any time, in our sole judgment to terminate this arrangement as to any further loans.

2. Our financing shall be limited to the following two situations:

(a) Loans against cottonseed oil or soybean oil which is tenderable against futures contracts on the New York Produce Exchange or the Chicago Board of Trade, as the case may be, and which oil is fully hedged by completed futures contracts sold through us on the respective Exchange in amounts sufficient to cover the full value of the oil against which the loan is made. No loan will be made until the said oil has been fully

hedged through us. Such loans are hereinafter referred to as "Hedged loans;" and

(b) Loans secured by contracts for the sale of refined soybean oil to prime buyers acceptable to us, and by warehouse receipts for an equal amount of refined or crude soybean oil stored in field warehouses as hereinafter provided, such loans being referred to herein as "export transactions."

3. We will advance to you 80% of the value of the oil which we hold as collateral on hedged loans and 70% on export transactions. The value of crude soybean oil will be determined on the basis of the price quoted in the Trade News Service at close of the preceding business day for crude soybean oil, Decatur basis, plus fixed freight to Atlantic seaboard amounting to 96 points; and the value of refined soybean oil will be computed in the same manner ascrude soybean oil, plus 100 points to cover processing charges. The value of refined cottonseed oil will be determined on the basis of the closing price for said oil in the next delivery month on the New York Produce Exchange at the close of the preceding business day.

4. On hedged loans you will deliver to us against our check registered negotiable warehouse receipts for refined cottonseed oil tenderable on New York Produce Exchange futures contracts or for crude soybean oil tenderable on Chicago Board of Trade futures contracts, in either case stored in a warehouse licensed by

the respective exchange. With said warehouse receipts you will deliver to us all documents required for delivery of the oil under theRules of the respective Exchange, including the following:

(a) Certificate of all risk insurance in an amount sufficient to cover the oil covered by the warehouse receipt.

(b) Uniform Commercial Code Financing Statement executed by a duly authorized officer on your behalf.

(c) Certificate of quality as required by the Rules of the Exchange covering the oil securing the loan.

(d) Your demand promissory note payable to our order in the amount of the loan. Said note shall bear interest at the rate charged us by Chase Manhattan Bank, plus such additional rate as may be negotiated between us as to each loan.

5. On hedged cottonseed oil loans you will deposit with us original margin of 50% of the clearing house requirements. We may elect to waive original margin on hedged cottonseed oil loans. On hedged soybean oil loans you will deposit minimum margin required for trade accounts by the Chicago Board of trade scale of margins. In all cases we shall charge interest on the amount of money advanced b by us.

6. In any situation in which we are carrying hedged loans for your account, we shall have the right in the event of your default toliquidate your position by making delivery against the short futures contracts carried for your account and risk. It is understood that we shall have the right at any time, or from time to time, to call upon you for additional collateral adequate toprovide full hedge protection if, in our judgment, the warehouse receipts held by us as collateral are for any reason insufficient or inadequate to secure your indebtedness to us .

7. In the case of hedged loans you will upon demand liquidate your indebtedness to us by certified check for the full amount of principal and interest, or if payment is made on a Friday or day before a holiday, then by Chase Manhattan funds or federal funds. Upon Liquidation of said indebtedness, we shall in accordance with your instructions either (a) cover all open earmarked futures contracts related to such loan; or (b) make delivery upon such futures contracts of the oil covered by the warehouse receipts held by us; and we shall charge your account with the customary commissions, taxes and expenses, if any, in connection therwith. Settlement of any debit balance in said account shall be made by you from time to time as requested.

8. Before making a loan on an export transaction you will submit to us the contract which we are to hold as security for the loan and we shall have the opportunity to pass upon the form of the buyer of the oil, and the terms and

conditions of the contract, and your president will confirm said contract in writing. Upon our approval of the foregoing you will deliver to us against our check non-negotiable warehouse receipts for soybean oil stored in field warehouses of the American Express Field Warehousing Corporation or Harbor Tank Storage Company located on your property in Bayonne, New Jersey. The warehouse receipts shall be issued to the order of Chase Manhattan Bank, account of Ira Haupt & Co. With said warehouse receipts you will deliver to us the following:

(a) A copy of the contract or contracts previously submitted to and approved by us. Such contract or contracts shall provide for delivery within 90 days of the date of the loan.

(b) Uniform Commerical Code Financing Statement executed by a duly authorized officer on your behalf.

(c) Your demand promissory note payable to our order in the amount of the loan. Said note shall bear interest at the rate charged us by Chase Manhattan Bank, plus such additional rate as may be negotiated between us as to each loan.

9. It is understood that on export transactions if the market value of the soybean oil held by us as security shall decline from the level at which the loan was made (see Paragraph 3 above), and such decline shall exceed 5% of the value at which the loan was made, you will, upon demand, deposit margin with us in the amount of such decline, and will at all times maintain an equity in the oil securing the loan, measured by its value plus

margin deposited with us, equal to 42.86% of the amount of the loan. If thereafter the value of the oil (determined as hereinabove stated) rises, we shall refund to you margins so deposited prorata to the rise in value, but limited in the aggregate to the amount deposited in response to our demand.

10. On export transactions you will, prior to the due date for delivery to the exporter, liquidate your indebtedness to us in connection therewith by certified check for the full amount of principal and interest, or if payment is made on a Friday or day before a holiday, then by Chase Manhattan funds or federal funds. Upon liquidation of said indebtedness, we shall return to you the documents delivered to us upon the making of such loan. It is understood that we shall have no responsibility with respect to the consummation of delivery by you to the exporter.

11. Upon export transactions we shall have the right in the event of your failure to respond to a margin call before the opening of the market on the following business day, or in the event of your default in the liquidation of the loan upon demand, and in any event, prior to maturity of the export contract, to take any of the following steps in our sole discretion:

(a) Place for your account and risk futures contracts for crude soybean oil on the Chicago Board of Trade in such amounts as we may consider necessary or desirable to protect our position. In such event, the provisions of this agreement relating to the

maintenance of margins or futures contracts and relating to liquidation thereof by delivery, or otherwise, shall be applicable to the hedge position in crude soybean oil futures contracts so placed by us for your account and risk. If in such event we hold warehouse receipts for soybean oil which is not tenderable against Chicago Board of Trade futures contracts, we shall have the right, at our election, to exchange such oil for tenderable oil and to charge your account with any loss sustained in connection therewith.

(b) Deliver the oil covered by the warehouse receipts in our hands direct to the exporter if it is deliverable upon the export contract, and receive payment of the purchase price from him.

(c) Dispose of the oil covered by the warehouse receipts in our hands at such price or prices, upon such terms and conditions, and in such markets as we may in our sole discretion determine.

In all of the foregoing cases, the cost of closing out your position by whatever means we may use shall be chargeable to your account and you shall remain liable for any deficit and for any expenses incurred in connection with the liquidation, including attorneys' fees incurred in the collection of any debit balance.

12. It is understood that each loan shall constitute a separate transaction, but in the event of your default on any loan, the maturity of all other then outstanding loans will be

accelerated and we shall have the right to take such action as in our sole judgment may be necessary or desirable to liquidate all then open commitments carried for your account and to protect ourselves as your creditor.

13. You will, at our request, at any time or times provide us with such authorization as may be necessary to enable us to inspect any warehouse in which oil may be stored, covered by warehouse receipts held by us.

14. You will provide us with the following documents, subject to approval of our counsel:

(a) Certified copy of your Certificate of Incorporation.

(b) Copy of your By-Laws, certified by the Secretary of the corporation.

(c) Secretarial Certificate covering a resolution adopted by your Board of Directors authorizing your borrowing in accordance with the terms and conditions of this Letter of Intent. Such resolution shall be in form approved by our counsel.

15. It is understood that all advances by us shall be subject to approval by Chase Manhattan Bank as to documents furnished by you, and in case of export transactions, as to the name of the buyer, the terms and conditions of the contract, and confirmation thereof with the buyer.

16. You will at no time request the surrender of documents against trust receipt.

17. It is understood and agreed that in the event that an insurance claim is made with respect to any oil covered by warehouse receipts held by us, no settlement or adjustment will be made without written approval.

18. You will at all times, upon request, furnish to us detailed information as to the following:

(a) Total merchandise inventory.

(b) Total amount of inventory financed by others.

(c) Total amount of inventory hedged in the futures markets but free of lien.

(d) Fiscal balance sheets used for federal income tax purposes.

(e) Semi-annual balance sheets.

If the foregoing terms and conditions are satisfactory to you, will you kindly so indicate by signing and returning a copy of this letter.

Very truly yours,

IRA HAUPT & CO.

By _____

ALLIED CRUDE VEGETABLE OIL REFINING COMPANY

By _____

May 23, 1963

DEFENDANTS' EXHIBIT 19

In the Matter of Ira Haupt & Co.,) In Bankruptcy

1105e

19

ALLIED CRUDE VEGETABLE OIL REFINING CORP.

VOUCHER M 16167

CHECK NO.	VOUCHER NO.	GROSS	DISC.	PROTECTED AMOUNT	DATE	NET CHECK
13467	M-16167				11/19/63	$350,000.00

PAY TO THE ORDER OF

IRA HAUPT & CO

S-1 33 3

THE FIRST NATIONAL BANK
OF JERSEY CITY
JERSEY CITY, N. J.

ALLIED CRUDE VEGETABLE OIL REFINING CORP.

REMITTANCE STATEMENT M 16167

DATE	VOUCHER NO.	INVOICE NO.	DEDUCTION	PURCHASE	BALANCE
		RE: MARGIN			$451,000.00

M-103 PLEASE DETACH BEFORE DEPOSITING

ALLIED CRUDE VEGETABLE OIL REFINING CORP.

REMITTANCE STATEMENT M

DATE	VOUCHER NO.	INVOICE NO.	DEDUCTION	PURCHASE	BALANCE
		RE: MARGIN			$350,000.00

VOUCHER

DATE 11/15/63 $[illegible]

PAY TO THE ORDER OF

[illegible]

IRA HAUPT & CO.

S4 33 2

[illegible]

VOUCHER

CHECK NO. 33428 VOUCHER NO. 136153 DISC. PROTECTED AMOUNT DATE 11/15/63 PAY CHECK $350,000.00

PAY TO THE ORDER OF

IRA HAUPT & CO.

S4 33 4

REMITTANCE STATEMENT

DATE	VOUCHER NO.	INVOICE NO.	DEDUCTION	PURCHASE	BALANCE
		RE: HARKEN			$350,000.00

futures commission merchants without

DEFENDANTS' EXHIBIT 35

If the investigation had disclosed substantial evidence of any

1107e

IRA HAUPT & CO.

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. Telephone: WOrth 4-6000 Cable: COHAUPT

September 26, 1963

New York Produce Exchange
2 Broadway
Secretary's Office
New York, N. Y.

Gentlemen:

We have this day sold to Ralph N. Peters Co. 2454 October 1963 Cottonseed Oil @ 1268 in an X-Pit transaction under Rule 6b involving the exchange of an equivalent quantity of processed BPSY Cottonseed Oil through a cash contract.

Very truly yours,

IRA HAUPT & CO.

Fred Barton

IHC:FB:bw

SEP 28 1963

Allied Crude Vegetable Oil Refining Corp.

FOOT OF EAST 22ND STREET • BAYONNE, N. J.

CODES: BENTLEY SECOND PHRASE
ACME COMMODITY

NEW JERSEY: HEMLOCK 7-2400
NEW YORK: WORTH 4-2850
TELETYPE: BAYONNE, N. J. 661

September 26, 1963

Ralph H. Peters and Company
50 Broad Street
New York, New York

Gentlemen:

We confirm having bought from you today 2454 New York Produce Exchange P.P.S.U. cottonseed oil warehouse receipts at 12.63¢ per pound in exchange for October futures at 12.63¢ per pound, all New York basis.

The October futures will be given up from Ira Haupt and Company.

These warehouse receipts are located as per listing on attached sheet.

Very truly yours,

ALLIED CRUDE VEGETABLE OIL REFINING CORP.

GG

Gerald Gittleman

cc: Ira Haupt and Company
111 Broadway
New York, New York

Supplement #1 to letter of 9/26/63 regarding ex pit of 2654 October futures.

IRA HAUPT & CO.

130	Harbor Tank	West New York, N. J.
145	C & T Ref.	Charlotte, N. C.
380	Paymaster Oil Mill	Abilene, Texas
126	" " "	El Paso, Texas
226	Maxton " "	Maxton, N.C.
135	Kershaw " "	Kershaw. S. C.
259	Hartsville " "	Hartsville, S.C.
192	Lever Bros.	Edgewater N.J.
147	Swift-Mondham	Port, Newark, N.J.
137	Drew Chem.	Boontown, N.J.
59	Wesson Oil	Savannah, Ga.
91	" "	Memphis, Tenn.
34	" "	Bayonne, N.J.
316	Manhattan Tank Storage	Guttenberg, N.J.
13	Anderson Clayton	Sherman, Texas
5	" "	Jacksonville, Fla.
59	Proctor & Gamble	Macon, Ga.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

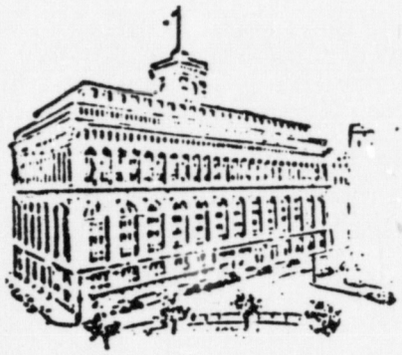
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Brudee's Ex 3-V
(Brassgold)
12/31/64



NEW YORK PRODUCE EXCHANGE

TWO BROADWAY, NEW YORK 4, N. Y.

BOWLING GREEN 9-3400

S5 12 69

October 8, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. Fred Barton

Gebtlemen:

This will acknowledge receipt of your letter of September 26, 1963 advising us of the following ex-pit transaction:

Sold : 2454 Oct 63 CSO @ 1268

To : Ralph N. Peters & Co.

We note that you state that the above transaction was made in accordance with Rule 6 (b) of the Cottonseed Oil Futures Contracts Rules and was made in exchange of an equivalent quantity of processed PBSY Cottonseed Oil through a cash contract.

Yours very truly,

C. R. Berg

C. R. BERG
Managing Director

CRB:mh

DEFENDANTS' EXHIBIT 106
for Identification

IIIIe

12/9/63

121

Howard M. Brenner
111 Broadway
New York, N.Y. 10006

December 6, 1963

Mr. Robert Berg
New York Produce Exchange
2 Broadway
New York, N.Y.

Dear Mr. Berg:

I would personally like to thank you for all your help and assistance during the recent catastrophic development at Ira Haupt & Co. I thought that the Produce Exchange upheld every good tradition of Wall Street and the investment community and I personally would like to thank you.

Sincerely,

Howard M. Brenner

hmb/lb

DEFENDANTS' EXHIBIT 107
for Identification

FOR THE DISTRICT OF COLUMBIA

DD 107

In the Matter of Ira Haupt & Co., a Limited Partnership, Bankrupt	)	In Bankruptcy No. 70-65

FILED
JUN 24 1966
ROBERT M. SIMMONS, CLERK

AFFIDAVIT

Washington, District of Columbia) ss:

Alex C. Caldwell, being duly sworn, deposes and says:

1. I am the Administrator of the Commodity Exchange Authority, United States Department of Agriculture, and as such am generally responsible for administration of the Commodity Exchange Act (7 U.S.C. 1 et seq.) and have custody of the records of the Authority on behalf of the Secretary of Agriculture.

2. This affidavit supplements my affidavit of December 6, 1965, in support of the Motion To Continue Return Date For Examination Of Hon. Orville L. Freeman Pursuant To § 21(a), and my affidavit of January 5, 1966, in support of the Motion To Quash, Or, Alternatively, To Modify Subpoena Duces Tecum, in this proceeding. This affidavit relates to statements made in the affidavit of Carl D. Lobell attached to the Memorandum Of The Trustee Of Ira Haupt & Co. In Opposition To The Motion Of The Secretary of Agriculture To Quash Or Modify The Subpoena Duces Tecum Served On The Secretary.

3. I am advised that when the Trustee in Bankruptcy was appointed on October 6, 1964, there were pending in the United States District Court for the Southern District of New York, three law suits brought by certain limited partners of Ira Haupt & Co. One of these law suits (64 Civ. 692) was against G. Keith Funston as President of the New York Stock Exchange, Ira Haupt & Co. and the Liquidating Trustee for the Benefit of Ira Haupt & Co. Another of the law suits (64 Civ. 935) was

against G. Keith Funston as President of the New York Stock Exchange, Stock Clearing Corporation, Ira Haupt & Company, the Liquidating Trustee, and others then unknown to the Plaintiffs. The records of the Commodity Exchange Authority contain no information with respect to operations of the New York Stock Exchange or stock transactions of any person on that Exchange.

The third law suit (66 Civ. 3971) by such limited partners of Ira Haupt & Co. was against the New York Produce Exchange, New York Produce Exchange Clearing Association, Merrill Lynch Pierce Fenner & Smith, Inc., Ira Haupt & Company, the Liquidating Trustee, and others then unknown to the Plaintiffs.

I am also advised that on May 19, 1966 the Trustee in Bankruptcy instituted an action in the United States District Court for the Southern District of New York against the New York Produce Exchange, its Clearing Association, Merrill Lynch Pierce Fenner & Smith, Inc. and several other futures commission merchants, and other companies and individuals (Seligson v. New York Produce Exchange, et al; 66 Civ. No. 1016). Numerous other companies and individuals were named as co-conspirators.

Many of the companies and individuals named as defendants or co-conspirators were futures commission merchants or traders. By obtaining from them copies of the reports filed by them under the Commodity Exchange Act and examining their other records, the Trustee could determine whether during the period covered by the reports or records there was any unusual activity in connection

futures commission merchants, without the necessity of examining the reports or other records in the files of the Commodity Exchange Authority. The examination of the records of the futures commission merchants and traders would reveal much more extensive information regarding the futures trading operations of traders in reporting status under the Commodity Exchange Act than would be disclosed by the records of the Commodity Exchange Authority. For example the records of the futures commission merchants and traders would show the dates on which a trader's position in a particular future was acquired and closed out through any such futures commission merchant and the prices at which the position was acquired and closed out and therefore would show the profits or losses on the transactions involved. Further, examination of the records of the traders and commission merchants would provide information which is not contained in the records of the Commodity Exchange Authority as to futures trading by the smaller traders since reports of their operations are not required to be filed under the Commodity Exchange Act.

4. In the Lobell affidavit, at pages 6 and 7, it is stated that testimony obtained from officials and members of the New York Produce Exchange indicated that "what had happened during October and November 1963 was a manipulation" and "that the accumulation [of positions by a single interest] was 'artificial' and tended to make the price higher than it might otherwise have been." As developed below, the Commodity Exchange Authority conducted a thorough investigation of the cottonseed oil and soybean oil futures trading operations of Allied Crude Vegetable Oil Refining Corporation and Anthony DeAngelis during the period July 1, 1963 through November 22, 1963, and concluded on the basis thereof that there was no manipulation of the price of cottonseed oil or soybean oil by said Corporation or Mr. DeAngelis.

The Commodity Exchange Authority in carrying out its responsibilities under the Commodity Exchange Act conducted a thorough investigation under section 8 of the Act with respect to the operations of Allied Crude Vegetable Oil Refining Corporation and Anthony DeAngelis in cottonseed oil futures and soybean oil futures during the period July 1, 1963 through November 22, 1963 to determine whether said Corporation or Mr. DeAngelis had manipulated the price of cottonseed oil or soybean oil or cornered the cottonseed oil or soybean oil market during this period, in violation of the Commodity Exchange Act. The investigation included review of the daily reports filed by Allied Crude Vegetable Oil Refining Corporation and Anthony DeAngelis and all other reporting traders with respect to cottonseed oil or soybean oil futures transactions and positions held during the period covered by the investigation, as well as compilation of pertinent information on the commodity markets generally, including data on the production and supply of edible fats and oils and other economic factors affecting the prices of cottonseed and soybean oil, and data on the relationship between cash and futures prices of such commodities.

This affiant supervised this investigation and he and other responsible officials in the Commodity Exchange Authority carefully analyzed the information developed during the investigation and, on the basis of such information, concluded that there was no manipulation of the price of cottonseed oil or soybean oil and no corner or squeeze of the cottonseed oil or soybean oil market by Allied Crude Vegetable Oil Corporation or Anthony DeAngelis during the period July 1, 1963 to November 22, 1963 (the period covered by this investigation).

If the investigation had disclosed substantial evidence of any manipulation or corner contrary to the Act consideration would have been given by the Commodity Exchange Authority to the possibility of institution of disciplinary proceedings because of such violations against the traders involved under section 6(b) of the Act (7 U.S.C. 9) with a view to refusal to them of trading privileges and consideration would have also been given by the Authority to the propriety of institution of a proceeding under section 5b, 6(a) or 6b of the Act (7 U.S.C. 7b, 8, 13a) against the contract markets involved, for suspension or revocation of their designations as contract markets or for issuance of a cease and desist order against such markets, because of their failure to comply with the requirements of the Act, especially subsection 5(d) (7 U.S.C. 7(d)). Also the matter would have been referred to the United States Department of Justice for consideration of criminal action under section 9 of the Act (7 U.S.C. 13). (The facts with reference to this matter were actually made available to that Department for review even though it had been concluded by the Commodity Exchange Authority that the investigation did not show any manipulation or corner contrary to the Act.)

Investigation was also made by the Commodity Exchange Authority to determine whether there was any evidence to support allegations that certain officials of the New York Produce Exchange used improperly information as to the futures positions held by Allied Crude Vegetable Oil Refining Corporation and Anthony DeAngelis, furnished to the Exchange by the Commodity Exchange Authority in accordance with the provisions of the Commodity Exchange Act, and manipulated downward the prices of cottonseed oil and soybean oil futures and profited from the losses thereby sustained by said Corporation and Anthony DeAngelis. The Commodity Exchange Authority concluded that the evidence did not

support these allegations. If a contrary conclusion had been reached appropriate action would have been taken by the Authority with respect to the institution of administrative proceedings or criminal action for violation of the Act.

Alex C. Caldwell
Alex C. Caldwell

Subscribed and sworn to before me at Washington, D. C. this 24th day of June, 1966.

[illegible]
Notary Public

My Commission [illegible]

DEFENDANTS' EXHIBIT 146

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, AUG 2 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $4482 AND 00 CTS DOLLARS

$ 4482 00/xx

IRA HAUPT & CO.

⑆0210-0002⑆ 011-1-057089⑈ ⑈0000448200⑈

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, AUG 5 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $1518 AND 00 CTS DOLLARS

$ 1518 00/xx

IRA HAUPT & CO.

⑆0210-0002⑆ 011-1-057089⑈ ⑈0000151800⑈

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, AUG 9 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $1918 AND 00 CTS DOLLARS

$ 1918 00/xx

IRA HAUPT & CO.

⑆0210-0002⑆ 011-1-057089⑈ ⑈0000191800⑈

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, AUG 13 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $1698 AND 00 CTS DOLLARS

$ 1698 00/xx

IRA HAUPT & CO.

⑆0210-0002⑆ 011-1-057089⑈ ⑈0000169800⑈

1120e

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

1121e

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

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11 NEW YORK, AUG 21 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $ 26388 AND 00 CTS DOLLARS

$ 26388 00

IRA HAUPT & CO.

⑆0210⑆000 21⑆ 011⑆1⑆057089⑈ ⑈000 26 38800⑈

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

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11 NEW YORK, AUG 26 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $ 59292 AND 00 CTS DOLLARS

$ 59,292 00

IRA HAUPT & CO.

⑆0210⑆000 21⑆ 011⑆1⑆057089⑈ ⑈000 59 29200⑈

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, AUG 27 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $ 117024 AND 00 CTS DOLLARS

$ 117024 00

IRA HAUPT & CO.

⑆0210⑆000 21⑆ 011⑆1⑆057089⑈ ⑈001 17 02400⑈

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

August 30

11 NEW YORK, ~~SEP 3 1963~~ 1963

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $ 74256 AND 00 CTS DOLLARS

$ 74,256 00

IRA HAUPT & CO.

⑆0210⑆000 21⑆ 011⑆1⑆057089⑈ ⑈000 74 25600⑈

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

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IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

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ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

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11 NEW YORK, SEP 11 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $43782 AND 00 CTS DOLLARS

$43782 00

IRA HAUPT & CO.

⑆0210-0002⑆ 011-1-057089 "0004378200"

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

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11 NEW YORK, SEP 13 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $106722 AND 00 CTS DOLLARS

$106722 00

IRA HAUPT & CO.

⑆0210-0002⑆ 011-1-057089 "0010672200"

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CLEARING ASSOCIATION
MANAGER

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11 NEW YORK, SEP 16 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $338688 AND 00 CTS DOLLARS

$338688 00

IRA HAUPT & CO.

⑆0210-0002⑆ 011-1-057089 "0033868800"

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THE CHASE MANHATTAN BANK
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NEW YORK PRODUCE EXCHANGE
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MANAGER

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11 NEW YORK, SEP 17 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $517440 AND 00 CTS DOLLARS

$517,440 00

IRA HAUPT & CO.

⑆0210-0002⑆ 011-1-057089 "0051744000"

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

1125e

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25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

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11

NEW YORK, SEP 18 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $63192 AND 00 CTS DOLLARS

$ 63192 00

IRA HAUPT & CO.

:0210-0002: 011-1-057089 "0006319200"

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

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11

NEW YORK, SEP 19 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $55315200 AND 00 CTS DOLLARS

$ 55315200

IRA HAUPT & CO.

:0210-0002: 011-1-057089 "0055315200"

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

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11

NEW YORK, SEP 20 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $92440800 AND 00 CTS DOLLARS

$ 92440800

IRA HAUPT & CO.

:0210-0002: 011-1-057089 "0092440800"

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
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25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

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11

NEW YORK, SEP 24 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $21253200 AND 00 CTS DOLLARS

$ 21253200

IRA HAUPT & CO.

:0210-0002: 011-1-057089 "0021253200"

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

1127e

ACCEPTED, PAYABLE AT
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CLEARING ASSOCIATION
MANAGER

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11

NEW YORK, SEP 25 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $ 351762 AND 00 CTS DOLLARS

$ 351762 00/xx

IRA HAUPT & CO.

⑆0210-0002⑆ 011-1-057089 "0038176200"

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

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11

NEW YORK, SEP 26 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $ 233154 AND 00 CTS DOLLARS

$ 233154 00/xx

IRA HAUPT & CO.

Authorized Signature

⑆0210-0002⑆ 011-1-057089 "0023315400"

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
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NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

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11

NEW YORK, SEP 30 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $ 176316 AND 00 CTS DOLLARS

$ 176316 00/xx

IRA HAUPT & CO.

Authorized Signature

⑆0210-0002⑆ 011-1-057089 "0017631600"

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THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11

NEW YORK, OCT 1 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

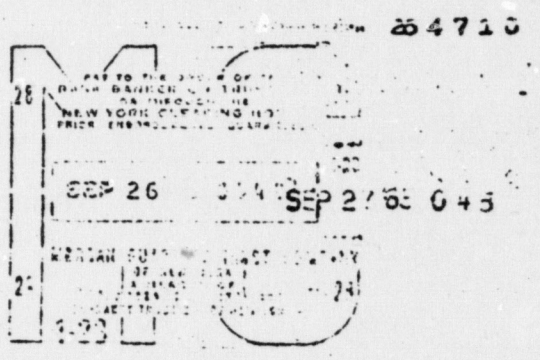
IRA HAUPT & CO. $ 193296 AND 00 CTS DOLLARS

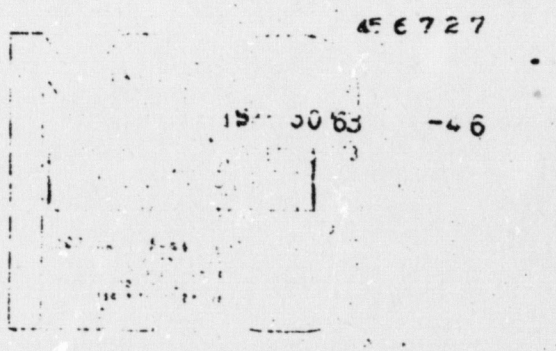
$ 193296 00/xx

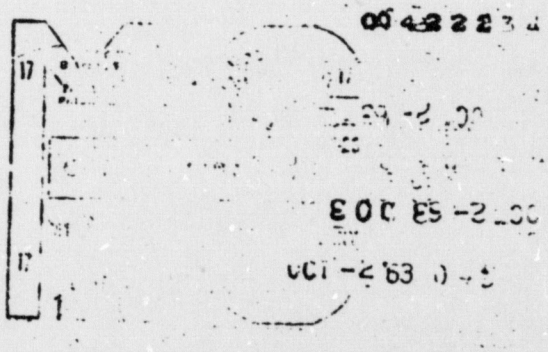
IRA HAUPT & CO.

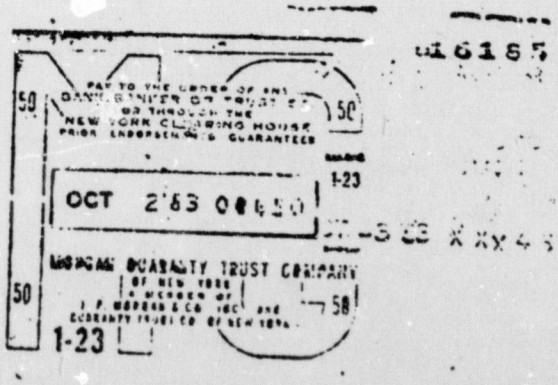
Authorized Signature

1128e


FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS
SEP 26
SEP 2 '63 045


FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS


FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS


FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS
PAY TO THE ORDER OF ANY
BANK, BANKER OR TRUST CO.
OR THROUGH THE
NEW YORK CLEARING HOUSE
PRIOR ENDORSEMENT GUARANTEED
OCT 2 '63
1-23

1129e

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11

NEW YORK, OCT 4 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. — $790548 00 CTS DOLLARS

$ 790548 00

IRA HAUPT & CO.

:0210-0002: 011-1-057089 "0079054800"

ACCEPTED, PAYABLE AT
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NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

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NEW YORK, OCT 7 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. — $457140 AND 00 CTS DOLLARS

$ 457140 00

IRA HAUPT & CO.

:0210-0002: 011-1-057089 "0045714000"

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
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NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

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11

NEW YORK, OCT 8 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. — $37764 AND 00 CTS DOLLARS

$ 37764 00

IRA HAUPT & CO.

:0210-0002: 011-1-057089 "0003776400"

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25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

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11

NEW YORK, OCT 9 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. — $55656 AND 00 CTS DOLLARS

$ 55656 00

IRA HAUPT & CO.

:0210-0002: 011-1-057089 "0005565600"

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

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NEW YORK PRODUCE EXCHANGE
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MANAGER

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11 NEW YORK, OCT 15 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

EIGHT HUNDRED FIFTY-ONE THOUSAND SEVEN HUNDRED AND 22/100 DOLLARS

$ 851722

IRA HAUPT & CO.

:0210-000 2: 011-1-057089 "0085172200"

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, OCT 18 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. 244044 AND 00 CTS DOLLARS

$ 244044 00

IRA HAUPT & CO.

:0210-000 2: 011-1-057089 "0024404400"

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, OCT 24 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. 45258 AND 00 CTS DOLLARS

$ 45258 00

IRA HAUPT & CO.

:0210-000 2: 011-1-057089 "0004525800"

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, OCT 25 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. 122960 AND 00 CTS DOLLARS

$ 122960 00

IRA HAUPT & CO.

:0210-000 2: 011-1-057089 "0012296000"

1132e

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

1133e

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, OCT 28 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $289368 AND 00 CTS DOLLARS

$289,368.00

IRA HAUPT & CO.

:0210-0002: 011-1-057089 "00289368 00"

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, OCT 30 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $1169418 AND 00 CTS DOLLARS

$1,169,418.00

IRA HAUPT & CO.

:0210-0002: 011-1-057089 "01169418 00"

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, OCT 31 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $585120 AND 00 CTS DOLLARS

$585,120.00

IRA HAUPT & CO.

:0210-0002: 011-1-057089 "00585120 00"

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, NOV 1 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. $183102 AND 00 CTS DOLLARS

$183,102.00

IRA HAUPT & CO.

:0210-0002: 011-1-057089 "00183102 00"

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

FOR DEPOSIT
IRA HAUPT & CO.

1135e

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, NOV 6 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. — $326772 AND 00 CTS DOLLARS

$326772 00

IRA HAUPT & CO.

⑆0210-00021⑆ 011-1-05708⑈ ⑈00326772 00⑈

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, NOV 7 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. — $630600 AND 00 CTS DOLLARS

$630600 00

IRA HAUPT & CO.

⑆0210-00021⑆ 011-1-05708⑈ ⑈00630600⑈

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, NOV 8 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. — $178548 AND 00 CTS DOLLARS

$178548 00

IRA HAUPT & CO.

⑆0210-00021⑆ 011-1-05708⑈ ⑈00178548⑈

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11 NEW YORK, NOV 13 1963 19

New York Produce Exchange Clearing Association

PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. — $29502 AND 00 CTS DOLLARS

$29502 00

IRA HAUPT & CO.

⑆0210-00021⑆ 011-1-05708⑈ ⑈00029502⑈

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

15385

NOV 12 63

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

NOV 12 63

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

NOV 12

1-23

FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

1137e

ACCEPTED, PAYABLE AT
THE CHASE MANHATTAN BANK
OF THE CITY OF NEW YORK
25 BROADWAY BRANCH
NEW YORK PRODUCE EXCHANGE
CLEARING ASSOCIATION
MANAGER

THIS DRAFT IS ACCEPTED IN SETTLEMENT OF DAILY BALANCES AND MUST BE DEPOSITED ONLY BY THE DRAWER FOR COLLECTION.

11

NEW YORK, NOV 20 1963 19

New York Produce Exchange Clearing Association

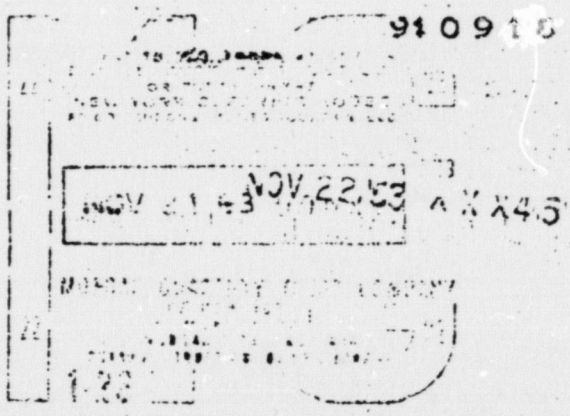
PAY TO THE ORDER OF THE UNDERSIGNED

IRA HAUPT & CO. — $7 14 AND 00 CTS DOLLARS

$ 714 00

IRA HAUPT & CO.

:0210-00021: 011-1-057089" "00000 71400"



FOR DEPOSIT
IRA HAUPT & CO.
AGENTS FOR CUSTOMERS

DEFENDANTS' EXHIBIT 204a-u



1139e

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. Telephone: WOrth 4-6000 Cable: COHAUPT

November 14, 1963

1963 NOV 15 AM 9:22

New York Produce Exchange
Office of the Secretary
Two Broadway
New York 4, New York

Dear Sirs:

We have this day bought and sold 2510 lots of December 1963 Cottonseed Oil at a price of 1384 in an X-Pit transaction under Rule 6 B involving the exchange of an equivalent quantity of processed BPSY Cottonseed Oil through a cash contract. A copy of said contract to follow.

Very truly yours,

IRA HAUPT & CO.

S. William Glassgold

S. William Glassgold

IIM 8:20

[illegible]

[illegible]

Dear Sir:

This is to confirm our today's sale to you of 2500 P.P.C.Y. cottonseed oil warehouse Memphis at 13.75¢ per pound New York basis in exchange for December futures at 13.84¢ per pound.

The futures will be given up to you from Ira Haupt and Company.

Very truly yours,

ALLIED CRUDE VEGETABLE OIL REFINING CORP.

G. Gittleman

Gerald Gittleman

GG/js

November 14, 1963

Ralph N. Peters & Company
208 South La Salle Street
Chicago, Illinois

Gentlemen:

We confirm buying from you today 2510 P.B.S.Y. cottonseed oil warehouse receipts at 13.75¢ per pound New York basis in exchange for December futures at 13.84¢ per pound.

The futures will be given up to you from Ira Haupt and Company.

Very truly yours,

ALLIED CRUDE VEGETABLE OIL REFINING CORP.

Gerald Gittleman

GG/js

November 18, 1963

Ira Haupt & Co,
111 Broadway
New York 6, New York

Attn: Mr. S. Wm. Glazegold

Gentlemen:

This will acknowledge receipt of your letter of November 14, 1963 advising us of the following ex-pit transactions:

Bought : 2510 Dec. 63' CSO Contracts @ 1384
From : Yourselves.

Sold : 2510 Dec. 63' CSO Contracts @ 1384
To : Yourselves.

We note that you state that the above transactions were made in accordance with Rule 6 (b) of the Cottonseed Oil Futures Contracts Rules involving the exchange of an equivalent quantity of processed PEBY Cottonseed Oil through a cash contract.

Yours very truly,

C. R. BERG
Managing Director

CRB:mh

1142e 204 B

DX 161 id (portion of exhibit)

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. Telephone: WOrth 4-6000 Cable: COHAUPT

November 14, 1963

New York Produce Exchange
Office of the Secretary
Two Broadway
New York 4, New York

Dear Sirs:

We have this day bought and sold 2510 lots of March 1964 Cottonseed Oil at a price of 1419 in an X-Pit transaction under Rule 6 B involving the exchange of an equivalent quantity of processed BPSY Cottonseed Oil through a cash contract. A copy of said contract to follow.

Very truly yours,

IRA HAUPT & CO.

S. William Glassgold

Original Not Available

63 JUN 13 PM 3:20

[illegible] • BAYONNE, N. J.

[illegible]

[illegible]

[illegible]

[illegible]

September 11, 1963

Ralph H. Peters & Company
208 South La Salle Street
Chicago, Illinois

Gentlemen:

We confirm selling to you today 25 P.M.S.Y. cottonseed oil warehouse receipts at 7.58¢ per pound New York basis in exchange for 5 March futures at 11.15¢ per pound.

The March futures will be taken at Ira Haupt and Company.

Very truly yours,

ALLIED CHEMICAL NATIONAL BANK.

H. Lee Bennett

Vice President

ALLIED CRUDE VEGETABLE OIL REFINING CORP.

FOOT OF EAST 22ND STREET, BAYONNE, N.J. NEW JERSEY HEmlock 7-2400

CODES: BENTLEY SECOND PHRASE
ACME COMMODITY

NEW YORK WOrth 4-2850

TELETYPE: BAYONNE, J.J. 001

November 14, 1963

Ralph N. Peters & Company
208 South La Salle Street
Chicago, Illinois

Gentlemen:

We confirm selling to you today 2510 P.B.S.Y. cottonseed oil warehouse receipts at 13.53¢ per pound New York basis in exchange for March futures at 14.19¢ per pound.

The March futures will be taken at Ira Haupt and Company.

Very truly yours,

ALLIED CRUDE VEGETABLE OIL REFINING CORP.

Gerald Gittleman

GG/js

November 18, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. S. Wm. Glassgold

Gentlemen:

This will acknowledge receipt of your letter of November 14, 1963 advising us of the following ex-pit transactions:

Bought : 2510 March 64' CSO Contracts @ 1419
From : Yourselves.

Sold : 2510 March 64' CSO Cotracts @ 1419
To : Yourselves.

We note that you state that the above transactions were made in accordance with Rule 6 (b) of the Cottonseed Oil Futures Contracts Rules involving the exchange of an equivalent quantity of processed PEBY Cottonseed Oil through a cash contract.

Yours very truly,

C. R. BERG
Managing Director

CRB:mh

1145e

204 C

IRA HAUPT & CO

...bers New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. Telephone: WOrth 4-6000 Cable: COHAUPT

November 15, 1963

New York Produce Exchange
Office of the Secretary
Two Broadway
New York 4, New York

Dear Sirs:

We have this day bought from Continental Grain Co. 516 lots of March 1964 Cottonseed Oil at a price of 1425 in an X-Pit transaction under Rule 6 B involving the exchange of an equivalent quantity of processed BPSY Cottonseed Oil through a cash contract.

Very truly yours,

IRA HAUPT & CO.

S. William Glassgold

November 18, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. S. Wm. Glasegold

Gentlemen:

This will acknowledge receipt of your letter of November 15, 1963 advising us of the following ex-pit transaction:

Bought : 516 March 64' CSO Contracts @ 1425

From : Continental Grain Company, General Merchandise Division.

We note that you state that the above transaction was made in accordance with Rule 6 (b) of the Cottonseed Oil Futures Contracts Rules involving the exchange of an equivalent quantity of processed MSY Cottonseed Oil through a cash contract.

Yours very truly,

C. R. BERG
Managing Director

CRB:mh

1147e

204-D

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N. Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

November 12, 1963

New York Produce Exchange
Office of the Secretary
Two Broadway
New York 4, New York

Gentlemen:

We have this day sold to Merrill, Lynch, Pierce, Fenner and Smith 1000 lots of December 1963 BPSY Cottonseed Oil @ 1293 in an X-Pit transfer under Rule 6A.

Very truly yours,

IRA HAUPT & CO.

S. William Glassgold

November 13, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. Sw. Glassgold

Gentlemen:

This will acknowledge receipt of your letter of November 12, 1963 advising us of the following ex-pit transaction:

Sold : 1000 Dec. 63' CSO Contracts @ 1293

To : Merrill Lynch, Pierce, Fenner & Smith, Inc.

We note that you state that the above transaction was made in accordance with Rule 6 (a) of the Cottonseed Oil Futures Contracts Rules.

Yours very truly,

ARTHUR F. WILHELM
Assistant Secretary

AFW:mh

1149e

204 E

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. Telephone: WOrth 4-6000 Cable: COHAUPT

November 12, 1963

New York Produce Exchange
Office of the Secretary
Two Broadway
New York 4, New York

Dear Sirs:

We have this day sold to Goodbody & Co. 39 lots of December 1963 Cottonseed Oil at a price of 1240 in an X-Pit transaction under Rule 6B involving the exchange of an equivalent quantity of processed BPSY Cottonseed Oil through a cash contract.

Very truly yours,

IRA HAUPT & CO.

S. William Glassgold

November 13, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. Sw. Glassgold

Gentlemen:

This will acknowledge receipt of your letter of November 12, 1963 advising us of the following ex-pit transaction:

Sold : 39 Dec. 63' CSO Contracts @ 1240

To : Goodbody & Co.

We note that you state that the above transaction was made in accordance with Rule 6 (b) of the Cottonseed Oil Futures Contracts Rules involving the exchange of an equivalent quantity of processed PRIME Cottonseed Oil through a cash contract.

Yours very truly,

C. R. BERG
Managing Director

CRB:mh

1151e

204-F 10

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. Telephone: WOrth 4-6000 Cable: COHAUPT

November 12, 1963

91 13 NOV 13 AM 9:16

New York Produce Exchange
Office of the Secretary
Two Broadway
New York 4, New York

Dear Sirs:

We have this day sold to E. F. Hutton & Co. the following lots of Cottonseed Oil at the indicated price in an X-Pit transaction under Rule 6B involving the exchange of an equivalent quantity of processed BPSY Cottonseed Oil through a cash contract:

85	December	1963	@	1260
5	March	1964	@	1260
5	May	1964	@	1260
45	July	1964	@	1260

Very truly yours,

IRA HAUPT & CO.

S Wm Glassgold

S. William Glassgold

November 13, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. Ws. Glassgold

Gentlemen:

This will acknowledge receipt of your letter of November 12, 1963 advising us of the following ex-pit transactions:

Sold : 85 Dec. CSO Contracts @ 1260
5 March 64' CSO Contracts @ 1260
5 May 64' CSO Contracts @ 1260
45 July 64' CSO Contracts @ 1260
To : E. F. Hutton & Company, Inc.

We note that you state that the above transactions were made in accordance with Rule 6 (b) of the Cottonseed Oil Futures Contracts Rules involving the exchange of an equivalent quantity of processed PBSY Cottonseed Oil through a cash contract.

Yours very truly,

C, R. BERG
Managing Director

CRB:mh

1153e

204-G

1963 NOV -7 AM 11:14

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

November 5, 1963

New York Produce Exchange
Office of the Secretary
2 Broadway
New York 4, New York

Dear Sirs:-

We have this day sold to Ralph N. Peters & Co., 2,510 lots of December 1963 BPSY Cottonseed Oil in an X-Pit transfer under Rule 6A at the following prices:

2,454 @ 1288
56 @ 1335

Very truly yours

IRA HAUPT & CO.

S. Wm. Glassgold

SWG:ml

November 15, 1963

Ira Haupt & Co.
111 [illegible]
New York 6, New York

Attn: Mr. S. M. Glenwald

Gentlemen:

This will acknowledge receipt of your letter of November 5, 1963 advising us of the following ex-pit transaction:

Sold: 2,[illegible]4 CSO Contracts December 1963 @ 1283.
56 December 1963 CSO Contracts @ 1335.

To : Ralph H. Peters & Co.

We have [illegible] you state that the foregoing transaction was made in accordance with Rule 6(c) of the Cottonseed Oil Futures Contracts Rules.

Yours very truly,

C. R. BERG
Managing Director

CRB:fwh

November 15, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. S. Wm. Glassgold

Gentlemen:

This will acknowledge receipt of your letter of November 5, 1963 advising us of the following ex-pit transaction:

Sold: 2,454 CSO Contracts December 1963 at 1288.
56 December 1963 CSO Contracts at 1335.

To : Ralph N. Peters & Co.

We note that you state that the foregoing transaction was made in accordance with Rule 6(a) of the Cottonseed Oil Futures Contracts Rules.

Yours very truly,

C. R. BERG
Managing Director

CRB:iwh

1155e

O. 204-H 15

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

October 31, 1963

1963 NOV -4 AM 9:26

New York Produce Exchange
Office of the Secretary
Two Broadway
New York 4, New York

Gentlemen:

We have this day sold to Merrill Lynch Pierce Fenner and Smith 316 December 1963 Cottonseed Oil @ 1336 in an X-Pit transaction under rule 6 B involving the exchange of an equivalent quantity of processed B.P.S.Y. Cottonseed Oil through a cash contract.

Very truly yours,

IRA HAUPT & COMPANY

S. William Glassgold

SWG/pc

November 4, 1963

Iru Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. S. Wm. Glassgold

Gentlemen:

This will acknowledge receipt of your letter of October 31, 1963 advising us of the following ex-pit transaction:

Sold : 5M Dec. 63 COO Contracts @ 1336.

To : Merrill Lynch Pierce, Fenner & Smith, Inc.

We note that you state that the above transaction was made in accordance with Rule 5 (b) of the Cottonseed Oil Futures Contracts Rules involving the exchange of an equivalent quantity of processed USDA Cottonseed Oil through a cash contract.

Yours very truly,

C. R. BERG
Managing Director

CRB:mh

1157e

204-I

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

October 31, 1963

New York Produce Exchange
Office of the Secretary
Two Broadway
New York 4, New York

10:8 NV 28 130 1963

Gentlemen:

We have this day purchased from Continental Grain Co. 316 December 1963 Cottonseed Oil @ 1336 in an X-Pit transaction under rule 6 b involving the exchange of an equivalent quantity of processed B.P.S.Y. Cottonseed Oil through a cash contract.

Very truly yours,

IRA HAUPT & CO.

S. William Glassgold

S. William Glassgold

November 4, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. S. Wm.Glassgold

Gentlemen:

This will acknowledge receipt of your letter of October 31, 1963 advising us of the following ex-pit transaction:

Bought : 315 Dec. 63 CSO Contracts @ 1335.

From : Continental Grain Company, General Merchandise Division.

We note that you state that the above transaction was made in connection with Rule 5 (b) of the Cottonseed Oil Futures Contracts Rules involving the exchange of an equivalent quantity of processed PBSY Cottonseed Oil through a cash contract.

Yours very truly,

C. R. BERG
Managing Director

CRB:mh

1159e

204 J

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N. Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

October 31, 1963

ew York Produce Exchange
Office of the Secreta
Two Broadway
New York 4, New York

10:3 NY 22 OCT 63 1963

Gentlemen:

We have this day sold to Bunge Corp. 316 December 1963 Cottonseed Oil @ 1336 in an X-Pit transaction under rule 6 b involving the exchange of an equivalent quantity of processed B.P.S.Y. Cottonseed Oil through a cash contract.

Very truly yours,

IRA HAUPT & CO.

S. William Glassgold

1160e

204-K

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. *Telephone: WOrth 4-6000 Cable: C HAUPT*

October 30, 1963

1963 OCT 30 PM 5:34

New York Produce Exchange
Secretary's Office
2 Broadway
New York 4, New York

Gentlemen:

We have this day purchased from Continental Grain Company 200 December 1963 Cottonseed Oil @ 1310 in an x-pit transaction under rule 6 B involving the exchange of an equivalent quantity of processed BPSY Cottonseed Oil through a cash contract.

Very truly yours,
IRA HAUPT & COMPANY

S. Wm. Glassgold.

S. William Glassgold

SWG/pc

October 31, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. S. W. Glassgold

Gentlemen:

This will acknowledge receipt of your letter of October 30, 1963 advising us of the following ex-pit transaction:

Bought : 200 Dec. 63' CSO Contracts @ 1310

From : Continental Grain Company.

We note that you state that the above transaction was made in accordance with Rule 6 (b) of the Cottonseed Oil Futures Contracts Rules involving the exchange of an equivalent quantity of processed PRIME Cottonseed Oil through a cash contract.

Yours very truly,

C. R. BERG
Managing Director

CRB:mh

1162e

204-L

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N. Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

October 28, 1963

New York Produce Exchange
Office of the Secretary
Two Broadway
New York 4, New York

1963 OCT 29 AM 8 17

Gentlemen:

We have this day sold to Merrill, Lynch, Pierce, Fenner & Smith 4 December 1963 Cottonseed Oil @ 1309 in an X-Pit transaction under Rule 6b involving the exchange of an equivalent quantity of processed BPSY Cottonseed Oil through a cash contract.

Very truly yours,

IRA HAUPT & CO.

S. William Glassgold

October 30, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. S. W. Glassgold

Gentlemen:

This will acknowledge receipt of your letter of October 28, 1963 advising us of the following ex-pit transaction:

Sold : 4 Dec. 63' CSO Contracts @ 1309.

To : Merrill Lynch, Pierce, Fenner & Smith, Inc.

We note that you state that the above transaction was made in accordance with Rule 6 (b) of the Cottonseed Oil Futures Contracts Rules involving the exchange of an equivalent quantity of processed PBSY Cottonseed Oil through a cash contract.

Yours very truly,

C. R. BERG
Managing Director

CRB:mh

1164e

204-M

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. Telephone: WOrth 4-6000 Cable: COHAUPT

October 17, 1963

1963 OCT 18 AM 8:44

New York Produce Exchange
Office of the Secretary
Two Broadway
New York 4, New York

Gentlemen:

We have this day sold to Merrill, Lynch, Pierce, Fenner & Smith 32 December 1963 Cottonseed Oil @ 1280 in an X-Pit transaction under Rule 6b involving the exchange of an equivalent quantity of processed BPSY Cottonseed Oil through a cash contract.

Very truly yours,

IRA HAUPT & CO.

S. Wm. Glassgold

S. William Glassgold

October 18, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. S. Wm. Classgold

Gentlemen:

This will acknowledge receipt of your letter of October 18, 1963, advising us of the following ex-pit transaction:

Sold : 32 Dec. 63' CSO Contracts @ 1280

To : Merrill Lynch, Pierce, Fenner & Smith, Inc.

We note that you state that the above transaction was made in accordance with Rule 6 (b) of the Cottonseed Oil Futures Contracts Rules involving the exchange of an equivalent quantity of processed FOBY Cottonseed Oil through a cash contract.

Yours very truly,

C. R. BERG
Managing Director

CRB:mh

1166e

- 204-N

1963 OCT 15 PM 2:13

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. Telephone: WOrth 4-6000 Cable: COHAUPT

October 14, 1963

New York Produce Exchange
Office of the Secretary
Two Broadway
New York 4, New York

Dear Sirs:

We have this day under Rule 6A of the New York Produce Exchange X-Pitted with Ralph N. Peters & Co. 334 lots of Cottonseed Oil.

The foregoing transactions involve no change of ownership. They are listed on the sheet attached hereto.

Very truly yours,

IRA HAUPT & CO.

Wm Glassgold

S. Wm. Glassgold

Attch.

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

October 14, 1963

Bought 98 contracts December 1963 **COTTONSEED OIL:**

5.....@.....1317
1.....@.....1316
2.....@.....1315
3.....@.....1314
8.....@.....1313
5.....@.....1312
2.....@.....1311
59.....@.....1310
10.....@.....1309
3.....@.....1308

Bought 126 contracts March 1964 **COTTONSEED OIL:**

5.....@.....1342
1.....@.....1341
2.....@.....1340
3.....@.....1339
4.....@.....1338
5.....@.....1337
6.....@.....1336
19.....@.....1335
8.....@.....1334
20.....@.....1331
53.....@.....1330

Bought 110 contracts May 1964 **COTTONSEED OIL:**

5.....@.....1361
1.....@.....1360
2.....@.....1359
3.....@.....1358
4.....@.....1357
8.....@.....1356
9.....@.....1352
25.....@.....1351
53.....@.....1350

October 18, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. S Wm Glassgold

Gentlemen:

This will acknowledge receipt of your letter of October 14, 1963, advising us of the following ex-pit transactions:

Bought : 334 CSO Contracts, as per attached list.

From : Ralph N. Peters & Co.

We note that you state that the foregoing transactions were made in accordance with Rule 6 (a) of the Cottonseed Oil Futures Contracts Rules and involved no change in ownership.

Yours very truly,

ARTHUR F. WINNEIM
Assistant Secretary

AFW:mh
Encl.

1169e

204-0

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N. Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

October 10, 1963

Office of the Secretary
New York Produce Exchange
Two Broadway
New York 4, New York

1963 OCT 10 PM 5:05

Gentlemen:

We have this day bought from Ralph N. Peters Co. 56 December 1963 Cottonseed Oil @ 1335 in an X-Pit transaction under Rule 6 b involving the exchange of an equivalent quantity of processed BPSY Cottonseed Oil through a cash contract.

Very truly yours,

IRA HAUPT & CO.

S. William Glassgold

S. William Glassgold

1170e)

October 10, 1913

[illegible]

Gentlemen:

[illegible] 56 New York Produce Exchange [illegible] 4 Oil Securities [illegible] Stock par value [illegible] the number issued as stock for the [illegible] as follows:

7	Bangs, Ingersoll
27	Lewis Brown Corporation
10	Lewisburg Oil Mills
6	Lewis Oil Mills
11	Martinsville Oil Mill

The Charter of [illegible] are being placed at the Bangs and Company.

Very truly yours,

[illegible] THE CLEVELAND OIL REFINING CO.

Gerald Gladden

GG:

cc: [illegible]
[illegible]
[illegible]

1170.1e
(Transcription of page 1170e)

October 10, 1963

Ralph N. Peters & Company
50 Broad Street
New York, New York

Gentlemen:

We confirm selling you today 56 New York Produce Exchange P.B.S.Y. cottonseed oil warehouse receipts at 12.73¢ per pound New York basis in exchange for December futures at 13.35¢ per lb. These receipts are located as follows:

7	Bunge, Bayonne
22	Lever Bros. Edgewater
10	Horshaw Oil Mills
6	Haxton Oil Mills
11	Hurtsville Oil Mill

The December futures are being placed at Ira Haupt and Company.

Very truly yours,

ALLIED CRUDE VEGETABLE OIL REFINING CORP.

Gerald Gittleman

GG/jt

cc: Ben Rotello
illegible
illegible

October 18, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. William Glassgold

Gentlemen:

This will acknowledge receipt of your letter of October 10, 1963, advising us of the following ex-pit transaction:

Bought : 56 Dec. CSO Contracts @ 1335

From : Ralph N. Peters & Co.

We note that you state that the above transaction was made in accordance with Rule 6 (b) of the Cottonseed Oil Futures Contracts Rules involving the exchange of an equivalent quantity of processed PBSY Cottonseed Oil through a cash contract.

Yours very truly,

C. R. BERG
Managing Director

CRB:mh

1172e

204-P

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N. Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

October 2, 1963

New York Produce Exchange
Office of the Secretary
Two Broadway
New York 4, New York

1963 OCT -2 PM 5:12

Dear Sirs:

We have this day bought from Merrill Lynch, Pierce, Fenner & Smith 520 December Cottonseed Oil at 1307 in an X-Pit transaction under Rule 6 B involving the exchange of an equivalent quantity of processed BPSY Cottonseed Oil through a cash contract to Bunge Corp.

A copy of the contract involving our exchange is attached.

Very truly yours,

IRA HAUPT & CO.

S Wm Glassgold

S. Wm. Glassgold

Attch.

allied Crude Vegetable Oil Refining Corp.

FOOT OF EAST 22ND STREET • BAYONNE, N. J.

CODES: BENTLEY SECOND PHRASE
ACME COMMODITY

NEW JERSEY, HEMLOCK 7-2400
NEW YORK, WORTH 4-2850
TELETYPE, BAYONNE, N. J. 201

October 2, 1963

Ira Haupt and Co.
111 Broadway
New York, New York

Gentlemen:

We confirm selling to Bunge Corp. today 520 New York Produce Exchange PBSY cottonseed oil warehouse receipts at 12.64¢ per lb. New York basis in exchange for December futures at 13.07¢ per lb.

Four hundred ninety-six of these warehouse receipts are coming from your commodity house and 24 from Ralph N. Peters & Co.

These warehouse receipts are located as follows:

2	Swift, Port Newark
4	Manhattan Tank Storage
2	Wesson, Bayonne
16	Bunge, Bayonne

The Haupt receipts are located as follows:

120	Paymaster Oil Mills, Abilene, Texas
88	Swift - Mondham, Newark
51	C & T Refinery, Charlotte, N.C.
43	Hartsville Oil Mill, Hartsville, S.C.
38	Procter & Gamble, Macon, Ga.
37	Lever Bros., Edgewater, N.J.
14	Kershaw Oil Mills, Kershaw, S.C.
89	Bunge Corp., Bayonne, N.J.
15	Anderson Clayton, Jacksonville, Ill.
1	Hunts Food, Bayonne, N.J.

Very truly yours,

ALLIED CRUDE VEGETABLE OIL REFINING CORP.

G. Littleman

October 3, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. W. Glassgold

Gentlemen:

This will acknowledge receipt of your letter of October 2, 1963 advising us of the following ex-pit transaction:

Bought: 520 December CSO Contracts @ 1307.
From : Merrill Lynch, Pierce, Fenner & Smith, Inc.

We note that you state that the foregoing transaction was made in accordance with Rule 6 (b) of the Cottonseed Oil Futures Contracts Rules involving the exchange of an equivalent quantity of processed PRIME cottonseed oil through a cash contract to Bunge Corporation.

We also acknowledge receipt of a copy of the contract involving your exchange.

Yours very truly,

C. R. BERG
Managing Director

CRB:iwh

1175e

204-Q

12

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

October 2, 1963

New York Produce Exchange
Office of the Secretary
Two Broadway
New York 4, New York

1963 OCT -2 PM 5:12

Dear Sirs:

We have this day under Rule 6 A of the New York Produce Exchange X-Pitted with Ralph N. Peters & Co. 120 lots of Cottonseed Oil.

The foregoing transactions involve no change of ownership. They are listed on the sheet attached hereto.

Very truly yours,

IRA HAUPT & CO.

S. Wm. Glassgold

S. Wm. Glassgold

Attch.

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. Telephone: WOrth 4-6000 Cable: COHAUPT

October 2, 1963

October confirmed 10/3/63

Bought 120 contracts December 1963 COTTONSEED OIL:

1	@	1272	✓
8	@	1273	✓
4	@	1275	✓
76	@	1278	✓
1	@	1279	✓
25	@	1280	✓
1	@	1283	✓
1	@	1284	✓
1	@	1285	✓
1	@	1287	✓
1	@	1290	✓

October 2, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. S. Wm. Glassgold

Gentlemen:

Reference is made to your letter of October 2, 1963 and to our telephone conversation with Mr. S. Wm. Glassgold on October 3rd, advising us of the following ex-pit transactions:

Bought:	one	October	1963	CSO Contract	@ 1272.
	eight	"	"	" Contracts	@ 1273.
	four	"	"	"	@ 1275.
	76	"	"	"	@ 1278.
	one	"	"	" Contract	@ 1279.
	25	"	"	" Contracts	@ 1280.
	one	"	"	" Contract	@ 1283.
	one	"	"	"	@ 1284.
	one	"	"	"	@ 1285.
	one	"	"	"	@ 1287.
	one	"	"	"	@ 1290.

From: Ralph N. Peters & Co.

We note that you state that the foregoing transactions were made in accordance with Rule 6 (a) of the Cottonseed Oil Futures Contracts Rules and involved no change of ownership.

Yours very truly,

ARTHUR F. WINHEIM
Assistant Secretary

AFW:iwh

204-R

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. **111 BROADWAY, NEW YORK 6, N.Y.** *Telephone: WOrth 4-6000 Cable: COHAUPT*

September 18, 1963.

1963 SEP 20 AM 8:11

New York Produce Exchange
2 Broadway
New York, N. Y.

Dear Sirs:

We have this day bought from E. F. Hutton & Co.,

394 December CSO @ 12.35¢ per lb
100 March CSO @ 12.57¢ per lb.

We have also purchased from J R Williston & Beane

106 December CSO @ 12.35¢ per lb

under Rule 6 (b) involving the exchange of an equivalent quantity of processed B P S Y cottonseed oil through a cash contract.

Very truly yours,

IRA HAUPT & CO.

September 20, 1963

Ira Haupt & Co.
111 Broadway
New York 6, New York

Attn: Mr. Fred Barton

Gentlemen:

This will acknowledge receipt of your letter of September 18, 1963 advising us of the following ex-pit transactions:

Bought : 394 December CSO Contracts @ 12.35¢.
100 March CSO Contracts @ 12.57¢.

From : E. F. Hutton & Company, Inc.

Bought : 106 December CSO Contracts @ 12.35¢
From : J. R. Williston & Beane, Incorporated.

We note that you state that the above transactions were made in accordance with Rule 6 (b) of the Cottonseed Oil Futures Contracts Rules involving the exchange of processed FBSY cottonseed oil through a cash contract.

Yours very truly,

C. R. BERG
Managing Director

CRB:mh

1180e

204-S

1963 SEP 10 AM 9:37

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

September 9, 1963

N. Y. Produce Exchange
Secretary's Office
2 Broadway

@1206 per phone 9/12/63 WHS

Dear Sir:

We have today sold to Ralph N. Peters Co. 20 Contracts October Cottonseed Oil in an x-pit transaction under Rule 6 B involving the exchange of warehouse receipts for 1,200,000 lbs. of P B S Y Cottonseed Oil issued by Drew Chemical Co. at Boonton, New Jersey.

Very truly yours,

Fred Buxton

Ira Haupt & Co.

September 12, 1963

Ira Haupt & Co.
111 Broadway
New York, New York 10006

Attn: Mr. Fred Barton

Gentlemen:

This will acknowledge receipt of your letter of September 9, 1963 advising us of the following ex-pit transaction:

Sold : twenty Oct. C30 Contracts @ 1206
To : Ralph H. Peters & Co.

We note that you state that the above transaction was made in accordance with Rule 6 (b) of the Cottonseed Oil Futures Contracts Rules and involved the exchange of warehouse receipts for 1,200,000 lbs. of PBBY Cottonseed Oil issued by Drew Chemical Co. at Boonton, New Jersey.

Yours very truly,

C. R. BERG
Managing Director

CRB:mh

1182e

204-T

1963 AUG 21 AM 9:19

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

August 20, 1963

New York Produce Exchange
2 Broadway
New York 4, N. Y.

Dear Sirs,

We have this day under Rule 6A of The New York Produce Exchange X-Pitted with Ralph Peter & Co. one (1) lot of Cottonseed Oil.

The foregoing transaction involves no change of ownership: Sold One (1) Dec'63 Cottonseed Oil @ 1210.

Very truly yours,

IRA HAUPT & CO.

S. Wm. Glassgold

S. Wm. Glassgold

IHC:SWG:bw

August 21, 1963

Ira Haupt & Co.
111 Broadway
New York, New York 10006

Attn: Mr. S. Wm. Glasgold

Gentlemen:

This will acknowledge receipt of your letter of August 20, 1963 advising us of the following ex-pit transaction:

Sold : One Dec. CSO Contract @ 1210
To : Ralph H. Peters & Co.

We note that you state that the above transaction was made in accordance with Rule 6 (a) of the Cottonseed Oil Futures Contracts Rules and involved no change in ownership.

Yours very truly,

ARTHUR F. WINHEIM
Assistant Secretary

AFW:mh

1184e

204-4

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

August 15, 1963

1963 AUG 15 PM 5:05

New York Produce Exchange
2 Broadway
New York 4, N. Y.

Dear Sirs,

We have this day under Rule 6A of The New York Produce Exchange X-Pitted with Ralph Peter & Co. 672 lots of Cottonseed Oil.

The foregoing transactions involve no change of ownership.

Very truly yours

IRA HAUPT & CO.

S. Wm. Glassgold

S. Wm. Glassgold

IHC:SWG:bw

encl.

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

August 15, 1963

Bought 100 contracts MAR'64 COTTONSEED OIL:

1.....@.....1277
10.... 1279
11.... 1280
5..... 1281
3..... 1282
1..... 1285
10.... 1286
5..... 1287
6..... 1288
5..... 1327
6..... 1329
1..... 1351
1..... 1354
1..... 1355
1..... 1358
8..... 1359
22.... 1360
3..... 1361

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

August 15, 1963

BOUGHT 389 CONTRACTS OCT'63 COTTONSEED OIL:

1	@	1237	1	@	1301
2	"	1238	1	"	1302
1	"	1242	1	"	1305
1	"	1243	110	"	1307
1	"	1244	18	"	1308
1	"	1245	3	"	1309
1	"	1246	5	"	1310
1	"	1247	18	"	1311
1	"	1248	10	"	1312
10	"	1249	8	"	1335
3	"	1250	2	"	1337
10	"	1284	6	"	1338
9	"	1285	5	"	1339
15	"	1286	4	"	1340
21	"	1287	5	"	1341
2	"	1288	7	"	1342
1	"	1289	23	"	1343
4	"	1290	18	"	1344
8	"	129[illegible]	1	"	1345
16	"	1292			
7	"	1293			
1	"	1294			
8	"	1295			
3	"	1296			
2	"	1297			
12	"	1299			
1	"	1280			

IRA HAUPT & CO

Members New York Stock Exchange and other leading Exchanges. 111 BROADWAY, NEW YORK 6, N.Y. *Telephone: WOrth 4-6000 Cable: COHAUPT*

August 15, 1963

BOUGHT 183 CONTRACTS DEC'63 COTTONSEED OIL:

2.	@	1236
1		1237
1		1238
1		1243
5		1244
4		1245
4		1246
5		1247
2		1248
26		1257
15		1258
23		1259
27		1260
3		1262
1		1265
1		1267
1		1268
5		1269
1		1275
3		1276
5		1277
6		1278
7		1279
6		1280
7		1281
5		1283
5		1284
5		1285
5		1286
1		1287

August 19, 1963

Ira Haupt & Co.
111 Broadway
New York, New York 10006

Attn: Mr. S. Wm. Glasgold

Gentlemen:

This will acknowledge receipt of your letter of August 15, 1963 advising us of the following ex-pit transactions:

Bought : 300 October C30 Contracts, as per list attached.
183 December, C30 Contracts, as per list attached.
100 March, C30 Contracts, as per list attached.

We note that you state that the foregoing transactions were made in accordance with Rule 5 (a) of the Cottonseed Oil Futures Contracts Rules and involved no change in ownership.

Yours very truly,

ARTHUR F. WINNEIM
Assistant Secretary

AFW:rh

DEFENDANTS' EXHIBIT 208

OVERALL SOYOIL/COTTONOIL POSITION

DATE.	TONS.		OIL.
10/29/63	Short	2400	Soyabean Oil
	"	600	Cottonseed Oil
11/5/63	Short	3500	Soyabean Oil
	"	2700	Cottonseed Oil
I / 11/11/63	Short	6200 /	Soyabean Oil
	"	2600 /	Cottonseed Oil
II / 11/15/63	Short	4600 /	Soyabean Oil
	"	2283 /	Cottonseed Oil
III / 11/19/63	Short	4300	Soyabean Oil
	Lohg	900	Cottonseed Oil

JF:OR.

Messrs. Totah/Landau/Stafford/Worthington/Gostout/Chiaramonte

DAILY O I L POSITION

CASH shown in METRIC TONS
FUTURES shown as NO. CONTRACTS/METRIC TONS

Date: 11-12-63 A.M.
(as of close of business 11-11-63)

	SOYBEAN OIL			COTTONSEED OIL			SOYBEAN/PEANUT OIL		
	LONG	SHORT	NET LONG (SHORT)	LONG	SHORT	NET LONG (SHORT)	LONG	SHORT	NET LONG (SHORT)
CASH:									
Crude, Regular	16,581	13,213	3,268	2,563	136	2,427	1,644	1,062	582
Crude, Degummed	10,329	10,240	89						
Once Refined	1,500	730	770	21,683	4,095	17,588			
Fully Refined	428	0	428						
							1/2 of J/A 30		30
TOTAL	28,838	24,183	4,655	24,246	4,231	20,015	1,674	1,062	612
FUTURES:	1/2006/54483		54,483	1/516/14015		14,015			
Mo.: Dec.		2263/61463	(61,463)		1027/27893	(27,893)			
Jan.		144/3911	(3,911)						
Mar.					299/8121	(8,121)			
May					25/679	(679)			
TOTAL	2006/54483	2407/65374	(10,89?)	516/14015	1351/36693	(22,678)			
NET	XXXX	XXXX	(6,236)	XXXX	XXXX	(2,663)	XXXX	XXXX	612

Warehouse Receipts

11906

Distribution:
Messrs. Totah/Landau/Stafford/Worthington/Gostout/Chiaramonte

DAILY O I L POSITION

CASH shown in METRIC TONS
FUTURES shown as NO. CONTRACTS/METRIC TONS

Date: 11-16-63 A.M.
(as of close of business 11-15-63)

	SOYBEAN OIL			COTTONSEED OIL			SOYBEAN MEAL/ PEANUT OIL		
	LONG	SHORT	NET LONG (SHORT)	LONG	SHORT	NET LONG (SHORT)	LONG	SHORT	NET LONG (SHORT
CASH:									
Crude, Regular	16,581	13,213	3,368	4,672	0	4,672	1,644	1,062	582
Crude, Degummed	10,529	10,440	89						
Once Refined	1,500	730	770	23,476	3,950	19,526			
Fully Refined	4,735	0	4,735						
							1/2 of J/A 30		30
TOTAL	33,345	24,383	8,962	28,148	3,950	24,198	1,674	1,062	612
FUTURES:									
Mo.: DEC.	1/ 2006/54483	2306/62631	54,483 (62,631)	1/ 516/14015	599/16269	14,015 (16,269)			
JAN.		199/5405	(7,143)						
MAR.					886/24064	24,064			
MAY					6/163	(163)			
TOTAL	2006/54483	2505/68036	(13,553)	516/14015	1491/40,496	(26,481)			
NET	XXXX	XXXX	(4,591)	XXXX	XXXX	(2,283)	XXXX	XXXX	612

ouse Receipts

1191e

Distribution:
Messrs. Totah/Landau/Stafford/Worthington/Gostout/Chiaramonte

DAILY OIL POSITION

CASH shown in METRIC TONS
FUTURES shown as NO. CONTRACTS/METRIC TONS

Date: 11-20-63 A.M.
(as of close of business 11-19-63)

	SOYBEAN OIL			COTTONSEED OIL			SOYBEAN MEAL PEANUT OIL		
	LONG	SHORT	NET LONG (SHORT)	LONG	SHORT	NET LONG (SHORT)	LONG	SHORT	NET LONG (SHORT)
CASH:									
Crude, Regular	18,672	13,620	5,052	4,672	0	4,672	1,644	1,062	582
Crude, Degummed	10,529	10,440	89						
Once Refined	1,500	730	770	23,476	3,950	19,526			
Fully Refined	4,735	0	4,735						
							1/2 of J.A. 30		30
TOTAL	35,436	24,790	10,646	28,148	3,950	24,198	1,674	1,062	612
FUTURES:	1/ 2006/54,483		54,483	1/ 516/14015		14,015			
Mo.: DEC.		2197/59671	(59,671)		511/13,879	(13,879)			
JAN.		318/8637	(8,637)						
MAR		41/1114	(1,114)		846/22,977	(22,977)			
MAY					16/ 435	(435)			
JUL					2/ 54	(54)			
TOTAL	2006/54,483	2556/69,422	(14,939)	516/14,015	1375/37345	(23,330)			
NET	XXXX	XXXX	(4,293)	XXXX	XXXX	868	XXXX	XXXX	612

...ine Receipts

1192e

DEFENDANTS' EXHIBIT 209

FUTURES MARKETS AND THE COMMODITY TRADE

By Dr. Roger W. Gray
Economist on the Staff of
Food Research Institute
Stanford University, Stanford, California

The Role of Futures Trading in the Vegetable Oil Scandal

The scandal involving Allied Crude Vegetable Oil and Refining Corporation came as a shock to the business and financial community last November. The initial reaction to this fraud was no exception to the rather common one that "there ought to be a law" to prevent its recurrence. This reaction is understandable, and in fact improved regulations and desirable legislation have frequently resulted from just such reactions.

Oftentimes after an initial shock has dissipated and the facts are sorted out in clearer perspective, the basic causes of the trouble are better understood, and the clamor to change the rules subsides. In this respect also, the reaction to the Allied case has proved no exception. It is now clear that the bankruptcy of Allied was not an outgrowth of its dealings in commodity futures markets as such, nor were the machinations which led to bankruptcy facilitated by any of the rules, regulations, or practices that are peculiar to the commodity markets. Indeed, some hasty interpretations of the Allied case afford an opportunity to stress the record that the commodity exchanges have compiled in providing for hundreds of billions of dollars worth of transactions with remarkable efficiency and without any loss to holders of futures contracts owing to default.

The initial clamor for tighter regulation of commodity markets misapprehended the basic source of the problem, which, when it is properly identified, provides an outstanding illustration of the sort of failure that cannot be completely prevented by rules and regulations. The basic cause of the Allied debacle was the failure of people with whom Allied dealt to exercise prudence and good judgment. Individuals in banks, brokerage firms, storage firms, and commodity firms extended credit to Allied far beyond the limits dictated by prudence and good judgment. The fundamental "rule" which they violated was the "know your customer" rule which in the final analysis must be relied upon to protect legitimate commerce, no matter how many procedural rules are specified. Rules which are restrictive or too exacting, as well as the mere proliferation of procedural rules, inhibit commerce; just as they may inhibit other endeavors. But if one is not to be defrauded, he must exercise prudence and judgment.

An anonymous customer who makes a fifty-dollar purchase in a department store may expect the clerk to simply inspect his driver's license before accepting his personal check. If he were to purchase a ten-carat diamond at a fine jewelry store, he would not find it so easy. Anyone who would write so large a bad check as that might require would surely not stop short of forging some identification. The diamond salesman would be well-advised to know more about his customer than is necessary for the shoe salesman. Similarly, the banker, broker, or customer who lends millions of dollars to a firm that is relatively new, and whose president has a questionable business record, would be well-advised to ask for more than a warehouse receipt, which, when it is forged, affords no more protection than a forged driver's licence.

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Obviously, the salesman wants to make the sale, and must be careful not to give offense in the process of establishing ability to pay. But if he covets the custom so much that he neglects to make an investigation, he invites trouble. Several firms that had dealings with Allied were guilty of comparable neglect--no doubt because they welcomed the business-- and must now suffer the consequences of their poor judgment.

Even the subsidiary part played by regulations, as distinct from poor judgment, in the Allied case, does not point to the commodity futures markets. Of all those who had dealings with Allied, holders of commodity futures contracts suffered the least financial loss. And insofar as fraudulent warehouse receipts were the main contrivance of Allied's machinations, it is noteworthy that no receipts from warehouses approved for delivery on any futures markets, or under federal regulation, were involved. Finally, a margin call on commodity trades revealed the insolvency which led to discovery of the fraud, which would presumably still be growing had it not been for the margin call. Margin regulations, which have been the focal point of misinterpretation in this case, are the subject of a separate analysis to appear shortly.

Thanks partly to self-regulation and enlightened supervision by the Commodity Exchange Authority, but thanks mainly to a safety feature which is unique in business organization, a greater dollar volume of business is conducted in commodity futures with less litigation or default than in any other form of commerce. This safety feature is embedded in the nature of the clearing house, which is one of the parties to every futures contract, so that each buyer and seller has a contract with the clearing house, not with the opposite party to the transaction. The outstanding safety and efficiency with which futures trading is conducted does not speak directly to its function, which can be stated very simply.

The Function of Futures Trading

The function of futures trading is price determination. Prices coordinate the economic system, reflecting consumer needs and guiding producer decisions. Prices are determined on futures markets largely by those who must do the buying and selling in any case--the users, producers, warehousers, merchants, and processors of commodities--aided by those whose buying and selling reflects the estimated supply and demand of these groups. The essential differences between a futures market and the market that would otherwise exist are that the futures market is open and public, centrallized and continuous, thus enabling supply and demand to be reflected more accurately, completely, and continuously.

In the production, transport, storage, processing, and consumption of commodities, forward commitments must be made. Where the terms of these commitments are not established, and the commitments not made, on a well regulated, open, competitive, central futures market; the terms are necessarily established and the commitments necessarily made on unregulated markets, which are less open and competitive and more fragmented.

The forward commitments made by commodity firms on futures markets are substitute transactions, which ordinary forward commitments are not. Thus the use of futures contracts doubles the number of transactions required, but the greater economy of price determination and security of contract accomplished here easily warrant the double transaction. It must be obvious, however, that this would not be true if futures transactions required cash payments of comparable magnitude to ordinary transactions. It is only because they need not and do not require such cash payments, owing to the clearing house device, that futures transactions facilitate great economy in marketing.

Implications of The Allied Case

The Allied case has been interpreted in various quarters as pointing up a need for better regulation and better organization of the commodity trade, with particular reference to futures markets. It is somewhat ironical that the best organized and regulated part of the commodity trade, which is central to its entire structure, should be singled out for such criticism. It is nevertheless true that all aspects of the commodity trade stand to benefit from periodic review, and some improvements can undoubtedly stem from the Allied case.

The remarkable performance and contribution of commodity futures markets during the past century urges every precaution against misguided changes which would impair their functioning.

DEFENDANTS' EXHIBIT 211
for Identification

AUDIT REPORT

UNITED STATES DEPARTMENT OF AGRICULTURE
COMMODITY EXCHANGE AUTHORITY

U. S. Department of Agriculture
Office of the Inspector General
Washington, D. C. - 20250
Audit Report No. 1235-1-H

ADMINISTRATIVELY CONFIDENTIAL

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I - INTRODUCTION AND SUMMARY

A. AUDIT EFFORT.

The Office of the Inspector General (OIG) at the request of the Secretary of Agriculture (Secretary) performed a special audit of the Commodity Exchange Authority (CEA) to determine the effectiveness with which the CEA performed in its regulatory role under the Commodity Exchange Act (Act) and the Secretary's Regulations thereunder. The Secretary's request was prompted by, (1) inquiries from Committees in both houses of Congress for information concerning the bankruptcy of Allied Crude Vegetable Oil Refining Corporation (Allied), whose president was Anthony DeAngelis (DeAngelis); (2) pending Congressional hearings on the relationships of CEA to DeAngelis' activities; and (3) proposed new regulatory legislation for CEA.

The audit was made to determine, (1) whether CEA or the contract markets could or should have done anything to prevent, during the period April 1963 through November 1963, the corruption in November of the edible oils market; (2) whether regulatory legislation was adequate; and (3) to appraise CEA's administration of the Act.

Before describing the responsibilities of CEA and the exchanges as they concern CEA's operational activities, a brief history of the purpose of future trading legislation is provided in the following paragraphs to serve as a basis for a better understanding of such responsibilities.

Early legislation in 1921 was designed to combat price manipulation and market corners in futures markets, prevent the dissemination of false or misleading market information, and bring to light the reasonably unavoidable market information. The theory underlying early legislation was that the exchanges would cooperate with the Government in making the new statutes effective. It was the theory of self-regulation with Government supervision in contrast to Government control such as exists in foreign countries.

Suspension or revocation of market designations, which were the only sanctions against exchanges, were too drastic and never successfully imposed. In 1936, the Act was amended. In addition to the purposes of its predecessor legislation, new purposes were added to protect traders, (1) against fraudulent practices by dealers, and (2) against excessive speculation causing sudden or unreasonable fluctuations or unwarranted changes in the prices. Through registration and penal sanctions, Federal control was extended over individual commissions merchants, floor brokers, and traders. This direct action against individual violators has proved a more workable system than closing those exchanges which permitted trading by violators.

With respect to speculative limits in oils, we found they were first established in 1953, but were suspended shortly thereafter in 1954. We inquired of CEA why the suspension had not been lifted since 1954, and were informed that after 1954 prices had not fluctuated violently, suddenly or unreasonably and therefore, speculative limits were not considered. In addition, CEA had the feeling that even if speculative limits had been in effect, they would not have been a solution to the control of DeAngelis' trading, because he would have been exempt therefrom as a bona fide hedger. For additional history on speculative limits in oils, see Exhibit 1.

As stated previously, commodity exchanges in the United States are self-managed institutions as contrasted with Government-directed exchanges in some foreign countries. Under the Act, the Federal Government does not have the power to say who shall or shall not become a member or an officer of an exchange; (the financial condition of members is solely with the exchanges); no Federal official sits on the Governing Board; the Federal Government does not write exchange rules and regulations; there is no legislation to put civil or criminal sanctions behind the rules of the exchanges.

The Act also leaves undisturbed the exchange powers to discipline offenders, expel members, determine delivery months, contract months, and commissions. The exchanges also regulate such matters as margins and price fluctuation limits. The exchanges have the power to compel members and their customers, in an emergency, to cease trading but to accept reasonable settlement of their contracts. There is no legislation as to who can trade on the exchange.

The Secretary in USDA Administrative Regulation 1 AR 125, delegated authority to the Administrator, CEA, for all functions under the Act except, (1) the designation of contract markets, the promulgation of regulations, and the issuance of complaints, which are reserved to the Secretary or the Assistant Secretary; (2) final action in disciplinary proceedings, under Sections 7 and 8 of the Administrative Procedure Act, which action is reserved to the Judicial Officer; and (3) the functions of the Chairman of the Commodity Exchange Commission, which are reserved to the Secretary.

CEA shared with the commodity exchanges responsibility for designated functions under the Act.

CEA's responsibilities under the Act include the regulation of commodity exchanges designated as contract markets by the Secretary as well as supervision of futures trading in specified commodities, in order to:

(1) prevent price manipulation and corners;

(2) prevent dissemination of false and misleading crop and market information tending to influence prices;

(3) protect users of the futures market against cheating, fraud, and abusive practices;

(4) assure trust fund treatment of margin money and equities of traders; and

(5) provide information to the public regarding trading operations on contract markets.

The Act authorizes the Secretary to designate any commodity exchange as a contract market only when an exchange complies with certain conditions and exercises certain responsibilities, some of which are when:

(1) the exchange provides for the making and filing by it, or any member thereof, of reports in accordance with its rules and regulations, in the manner and form and at such times as may be prescribed by the Secretary;

(2) the exchange provides for the prevention of dissemination by its members of false or misleading or inaccurate reports concerning crop or market information or conditions that affect or tend to affect the price of any commodity in interstate commerce;

(3) the exchange provides for the prevention of manipulation of prices and cornering of any commodity by the dealers or operators upon such exchange;

(4) each exchange shall promptly furnish CEA copies of all bylaws, rules, regulations, and resolutions made or issued by it, and all changes and proposed changes therein;

(5) each exchange shall allow inspection at all times by any authorized representative of the Department of Agriculture (Department) or Department of Justice (USDJ) of the books, records, and all minutes and journals of proceedings of such exchange and its affiliates; and

(6) each exchange shall require the operators of warehouses in which or out of which any commodity is deliverable on any contract for future delivery to make such reports and keep such records, and permit such warehouse visitation as the Secretary may prescribe.

B. SUMMARY.

Our audit disclosed that generally CEA did not perform with maximum effectiveness its regulatory functions and role of administering the Act because of its conservative interpretation of the Act and insufficient manpower. A conservative interpretation of the Act has resulted in a passive rather than an active or aggressive approach to regulatory control. More specifically the following weaknesses in policies and operations, and in provisions of the Act were observed during our audit.

(1) CEA's conservative interpretation of the Act and its responsibilities thereunder have resulted in:

(a) a hands off policy in the review of exchange actions and records;

(b) ineffectual liaison and cooperative relationships with the exchanges;

(c) enforcement measures of the Act not being fully utilized when dealing with violators; and

(d) all violations of the Act not being referred to the USDJ.

Although CEA stated there was no authority under the Act to take preventive action against the DeAngelis build-up of futures positions in cottonseed oil (CSO) and soybean oil (SBO), we believe there were a number of positive actions CEA could have taken under the Act. Such actions would have provided CEA with more accurate and timely information concerning DeAngelis' transactions from a market surveillance standpoint; may have served to deter DeAngelis in his questionable trading practices and build-up of large positions with knowledge of CEA's close scrutiny; and would have elicited the aid of the exchanges in curbing DeAngelis' build-up of futures. In this connection the following are examples of positive actions CEA could have taken but for their conservative interpretation of the Act and rather passive approach to the situation:

(a) Allied could have been requested to furnish reports on its cash commodity positions, controlled accounts, and ex-pit trades to provide CEA with current market surveillance information. Information on such reports could have been verified.

(b) Allied's records relating to cash oil commodities could have been examined in May 1963 or at a very early date during the progressive build-up of oil futures (July - November 1963) to ascertain whether Allied had falsified reports of its futures positions as hedges.

(c) Traders' records could have been examined at various times to determine the validity of Allied's ex-pit transactions in oils.

(d) The Chicago Board of Trade (CBT) and the New York Produce Exchange (NYPE) could have been alerted jointly at a much earlier date as to the threat of possible market disruption posed by Allied's operations in the oils futures and thereby have contributed on a cooperative basis to policing of DeAngelis' transactions.

Inadequate provision for sufficient manpower resulted from CEA's policy of holding budgetary fund requests substantially to that of the previous year, except for mandatory salary increases. The effect of this policy on operations has been that CEA has had:

(a) to conduct investigations on a highly selective basis;

(b) to suspend, since World War II, regular audits of traders' records;

(c) to reduce drastically the numbers of trade practice investigative surveys; and

(d) to defer market-wide surveys.

(2) CEA's policy of selecting only certain complaints or allegations for investigation because of limited manpower has contributed in part to compliance responsibilities not being handled adequately. Some complaints and allegations of possible violations of the Act were not investigated or even preliminarily pursued to determine the need for investigation. CEA did not always aggressively pursue investigations undertaken by attempting to obtain all pertinent facts. Consequently, some allegations remained unresolved as to whether violations of the Act had occurred. In several instances the records were insufficiently documented:

(a) to reveal the action taken, if any, on completed investigations; and

(b) to show why there was no investigation; or only perfunctory inquiries.

In the compliance area, for each allegation or complaint, CEA makes the decision as to whether or not an investigation is necessary, conducts the investigation, and determines the administrative action or substantially influences the remedial action, if any, to be taken. In other words, CEA acts as "prosecutor, judge and jury."

(3) The accuracy of information in reports submitted to CEA by traders and futures commission merchants (FCM) is not tested to market surveillance through

which CEA keeps informed as to what is happening in the markets, for the purposes of detecting and preventing price manipulation and other trading abuses. Most of the CEA forms used by the trade in reporting to CEA do not provide for appropriate notice that willful misrepresentation or concealment of facts might subject the signer to penalties and possible criminal prosecution. The obtaining of accurate information from traders has been a continuing problem over the years for CEA, consuming considerable manpower to obtain corrected reports. Item (10) below is also directed to the need for improvement of the accuracy of information essential to the market surveillance function.

(4) CEA does not receive information on traders' cash commodity positions when speculative limits are not in effect. This weakens the market surveillance function as CEA does not have adequate information as to the cash positions of traders which is necessary in determining whether a corner or squeeze is being attempted. CEA has administratively determined that it can obtain information on cash commodity position but this fact is not known to the trade. Although CEA by this determination had authority to request DeAngelis to furnish a report of his cash commodity positions, it made no such request. Amending the Regulations to specifically show CEA authority to obtain cash commodity positions from any reporting trader would not only achieve proper dissemination of the requirement but would also have a possible effect in deterring potential violations.

(5) The Act should be strengthened to deter price manipulation and other violations by an amendment to make certain violations a felony with concomitant higher penalties. Also, legislation is needed to afford some relief to persons injured monetarily by a manipulation in which no corner is accomplished by permitting civil suits for triple damages such as those permitted under certain antitrust laws.

(6) In order for CEA to adequately perform its responsibility for assuring that contract markets continue to meet the conditions required for designation as contract markets, the contract markets must maintain adequate records of their management of

operations. The Act provides that each contract market shall allow inspection by authorized representatives of the Department or USDJ of the books, records, minutes and journals of proceedings of such contract market, its governing board and committees and all of its subsidiaries and affiliates. However, the Act does not provide that the contract market will keep records which shall fully disclose all transactions or matters involved in futures transaction on the market, nor does the Act provide that the Secretary may prescribe the manner and form in which such records shall be kept. Although the NYPE did maintain records which were fairly informative of actions taken and basis for decisions, the CBT in contrast maintained records which were insufficient and fragmentary. Furthermore, we were informed by representatives of the CBT that if OIG and CEA intend to regularly inspect the records, the CBT would place even less information in their records in the future.

(7) The Act permits FCM to include negotiable warehouse receipts and investment securities in the segregated fund accounts of traders. Though no losses in the segregated fund accounts have resulted from the fraudulent issue of warehouse receipts, this is a weakness in the Act. The potentiality exists that serious losses could result from fraudulent practices. Fortunately, fraudulent warehouse receipts issued by DeAngelis did not get into the FCM segregated fund accounts. However, since 1938, regulated commodity customers have lost margin deposits of about $230,000 as a result of theft or misuse by five nonregistered brokers and seven brokers registered with CEA.

(8) The CEA responsibilities and functions in the New Orleans Field Office can be performed as effectively and more economically by other CEA field offices. This office no longer supervises futures trading by contract markets. Futures trading on the New Orleans Cotton Exchange was suspended July 9, 1964, and supervision over the Memphis market was transferred from the CEA New Orleans Field Office to the CEA Chicago Field Office. This leaves the New Orleans Field Office doing only approximately six audits and such investigative or survey work as might be requested by other field offices. We do not believe this workload justifies continuing the office.

(9) CEA manages its functions by central control at the Washington level with the field offices primarily performing their major activities on specific directions from the Washington office. Major decisions are made at the Washington level with respect to determining assignments and methods and plans for conducting the assignments. CEA states its policy is to give each division director at headquarters and each field office supervisor the fullest measure of authority in his sphere of operations consistent with central control. Field personnel have been under the administrative direction of the field office supervisor to which assigned, but matters relating to technical programs direction, including work assignment, are handled primarily by the Washington staff directly with the section heads at field locations. This dual direction of the program activities of the field offices by the division directors and field office supervisors is provided for in the CEA Organization and Procedures Manual (OPM) and position descriptions. In this respect the OPM and position descriptions were found to contain overlapping, conflicting, and inconsistent statements on the assignment of authority, responsibilities and duties. The result has been to:

(a) reduce the field office supervisor's effectiveness as a manager;

(b) weaken the development of supervisors in the promotion channel;

(c) overload division directors with field direction of activities so that they have not been able to adequately perform their staff managerial functions; and

(d) weaken the initiative of the field staffs in carrying out their overall responsibilities.

(10) As indicated in item (3) above, the accuracy of information in traders' reports submitted to CEA is essential to market surveillance. Test verification by CEA of the accuracy of information on reports is necessary to assure that a trader is correctly reporting information as well as not misrepresenting his classification as hedger or speculator. Also, knowledge by traders that such verification

verifications may or will be made would serve to deter willful misrepresentations to CEA. Prior to World War II, audits were made by CEA to determine the accuracy of reports rendered by traders. CEA advised that such audits ceased because of the increased workload for auditors in other areas.

(11) Trade practice investigative surveys (TPI) are an effective means of disclosing and discouraging abusive trading practices such as wash sales, bucketing, noncompetitive trading, and cheating and defrauding commodity customers. Although CEA has continued in recent years to conduct TPI on a limited basis, due to heavy workload of other type investigations and insufficient manpower, CEA has not been able to conduct TPI with the frequency desired by them. CEA has requested additional funds in the 1965 budget to conduct additional TPI. TPI need to be conducted frequently and on a surprise basis, and should periodically cover each regulated commodity traded on each contract market. It is imperative that CEA continue to expand its budget proposals and requests to adequately provide for the necessary funds and manpower to enable an extensive, efficient, and effective program of TPI.

(12) CEA has not sufficiently utilized the enforcement provisions of the Act when dealing with violations. As a result, no penalties were exacted against some violators. We believe that CEA's enforcement role would be strengthened by taking some type of administrative or criminal action against offenders in all cases of provable substantive violations. All offenders should at least be given a warning letter or in case of an oral discussion with offenders, such discussion should be confirmed to the offender in writing.

(13) CEA did not refer all violations of the criminal provisions of the Act through the Office of the General Counsel to the Department of Justice (USDJ) for the latter's consideration for prosecution. CEA was aware that they had not been authorized by USDJ to screen violations of the Act, but believed, based on past experience, that USDJ would not be interested in minor or technical violations.

(14) CEA has not made regular reviews of the files and records kept by contract markets. The Act and Regulations thereunder delegate the responsibility to CEA for determining that contract markets carry out their responsibilities set forth in the Act. CEA has stated that routine examinations by them of exchanges' records would decrease the enforcement zeal of the exchanges, tend to eliminate the exchanges' self-policing and result in the exchanges transferring policing responsibility to CEA. We believe a regular examination by CEA of exchange records would not only impress the exchanges with the need for stronger enforcement, but provide a cross-utilization of information.

(15) Neither CEA nor the exchanges communicated on a regular basis with the other regarding complaints and suspicions of violations although both have responsibility to prevent violations of the Act. Officials of both the New York Produce Exchange and the CBT complained of a lack of early communications with them by CEA concerning the extent of Allied's positions. A need exists to improve cooperative relationships and to broaden the areas of cooperative action for preventing violations and enforcing the provisions of the Act and exchanges' rules. Achieving the desired cooperative attitude may require a long period of time.

(16) Documentation appeared to be done in a haphazard manner at all levels in CEA. Sometimes documentation was made. At other times none was made with respect to significant meetings, phone calls, or analyses in the areas of trading and investigations. Also, in many instances, documentation was not made to the extent necessary to record policy determinations, actions taken, or the reasons for inaction. A register of all complaints received by CEA was not maintained. Investigative files concerning DeAngelis were inadequate both as to orderliness and as to completeness of documentation. Because of the latter in our reconstructing the activities concerning DeAngelis, it was necessary in many instances, to rely on the memory of CEA officials. Reports on completed cases, summarizing the case and conclusions reached, had not been prepared except where the case involved with formal or legal action to be taken.

(17) CEA has been unable to adequately perform its enforcement functions because of an increasing workload over the years and insufficient personnel to keep pace with such growth. This has resulted from CEA's desire to hold budgetary fund requests substantially to that of the previous year, except for mandatory salary increases. CEA's funding policy in this respect has changed only moderately with their requests for funds in Fiscal Years 1965 and 1966 to hire additional employees.

(18) CEA has permitted support positions to supervisors to continually remain vacant for a number of years. In a number of instances, this has resulted in the supervisory and support positions being filled on an acting basis by employees at lower grade levels. Training and career development of employees has not been directed towards alleviating this condition.

(19) CEA has not issued division procedure manuals on operations which would provide field offices with the formal and uniform guidelines to follow in conducting their operations.

The Administrator directs the enforcement program of CEA through his staff office in Washington and five field offices located in Chicago, New York, Kansas City, Minneapolis, and New Orleans. Division directors in Washington and exchange supervisors in charge of field offices report directly to the Administrator. Section heads in field offices report to their respective division directors in Washington on technical matters and to their CEA exchange supervisor on administrative matters.

Attached to this report, as Exhibit 2, is a list of abbreviations used throughout the report, each of which has been or will be fully identified at first appearance. Also, attached as Exhibit 3 is a listing of definitions of technical and trade terms used in connection with commodity futures trading.

This audit covered record examinations and interviews at the CEA offices in Washington, Chicago, and New York, and at the CFTC and [illegible] concerning Mangolds' activities in the [illegible] markets. Although our audit was not extended to other commodities and exchanges, we did audit in depth [illegible] matters and related matters which, in our opinion, warranted [illegible] review of CEA's policies,

procedures, objectives, and functions. Special audit emphasis was placed on operations in the CSO and the SDO futures markets for the period October 1962 through November 1963, the period used primarily by CEA in their study of the build-up of futures positions by DeAngelis. The audit period covering DeAngelis' operations was unlimited, and to the extent considered necessary, the audit coverage was extended to prior years. Except as indicated under Section III, this report does not contain findings disclosed during our audit where CEA has currently proposed corrective measures in the form of legislative changes to the Act. Our audit did not include a review of CEA's segregated fund audits and the designation of contract markets.

II - RECOMMENDATIONS AND DISCUSSION WITH MANAGEMENT

A. RECOMMENDATIONS FOR THE SECRETARY OF AGRICULTURE.

1. In order to assure an effective and aggressive role by CEA in discharging the Department's regulatory responsibility in the administration of the Act, the Secretary should:

   a. Support CEA in obtaining the funds necessary to hire the number of people with quality or experience needed to perform the regulatory work under the Act. (See Details - 1, 2, 10, 11 and 17)

   b. Provide guidance and direct CEA to assume a more aggressive role in establishing liaison and communication with the exchanges on a day-by-day basis for developing an intimate understanding of the Act and the responsibilities of each thereunder. (See Details - 1, 6, 14 and 15)

2. Consider transferring certain investigative functions of CEA to OIG. (See Details - 2)

3. Amend the Regulations under the Act to provide for appropriate notice on CEA forms that penalties and possible criminal prosecution might be incurred for willful misrepresentation or concealment of any material fact. (See Details - 3)

4. Submit legislative proposal to strengthen the Act by providing that certain violations thereof be declared a felony with concomitant higher criminal penalties. Also, submit legislative proposal to permit civil suits for treble damages by persons injured monetarily by price manipulation in which no corner of the market is involved. (See Details - 5)

5. Submit legislative proposal to give the Secretary authority to prescribe the minimum information to be recorded and kept in the books, records, minutes and journals of proceedings of contract markets, governing boards and committees and subsidiaries thereof, for examination by representatives of the Secretary and the Department of Justice. (See Details - 6)

6. Close the New Orleans Field Office and distribute its functions to other field offices. (See Details - 8)

B. RECOMMENDATIONS FOR THE COMMODITY EXCHANGE AUTHORITY.

1. Devote more time to the formulation of overall policies and procedures for the guidance of CEA's operating staff; establish clear lines of authority and responsibility; establish an actual decentralized relationship between Washington and the field, delegating full authority over program and administrative activities in field offices to the field office supervisors; and delegate authority and responsibility to field section heads and lower levels wherever possible, and thereby assist employees in exercising initiative and developing a sense of participation. (See Details - 9)

2. Design best check procedures for verification of information on selected reporting traders' reports. (See Details - 10)

3. Expand its enforcement program to provide for more frequent trade practice investigative surveys. (See Details - 11)

4. Take some remedial action in all cases of proven substantive violations and as a minimum measure issue a warning letter to offenders, or in the case of oral discussion with offenders, confirm such discussion to offenders in writing. (See Details - 12)

5. Submit all cases of violations of the criminal provisions of the Act to the Department of Justice for prosecutive consideration. (See Details - 13)

6. Review regularly files and records of contract markets. (See Details - 14)

7. Improve cooperation and liaison on a day-by-day basis with the contract markets to promote an intimate understanding of the responsibilities of each under the Act and to assist each other in preventing violations of the Act. (See Details - 15)

8. Strengthen and improve documentation, the maintenance of records and files, and reporting techniques as a matter of good practice by:

   a. Documenting for the record the substance of significant meetings, telephone contacts, and operating and policy decisions. As a minimum the record on informal meetings or contacts with persons outside CEA should show the subject matter under discussion, names of persons participating, statement of positions taken and any determinations or assurances of actions to be taken. (See Details - 2, 12, 15 and 16)

   b. Maintaining a register of all complaints and allegations of violations, whether investigated or not. (See Details - 2 and 16)

   c. Revising the filing system and the reporting techniques for summarizing and reporting on actions taken or in closing cases which should meet normal standards for an investigative agency. (See Details - 2, 12 and 16)

9. Subject to the support provided in Recommendation II A 1 for action by the Secretary, determine and obtain the funds and the necessary number of employees with quality of experience required to perform the regulatory work under the Act. (See Details - 1, 2 and 17)

10. Stress training and career development of employees in management and supervisory areas so that employees at each level of management and operations can be adequately prepared to effectively perform their duties and prepare for eventual promotion to a more responsible position. (See Details - 18)

11. Provide technical procedures manuals for all levels of operations. (See Details - 19)

C. DISCUSSION WITH MANAGEMENT.

Advance copies of the draft report were furnished CEA for their review and consideration. CEA replied by memorandum of April 12, 1965, to the conditions and recommendations. A discussion was then held on June 10, 1965, with Alex C. Caldwell, Administrator, and Arthur G. Grossterphan, Deputy Administrator, on certain matters for which complete agreement had not been reached.

Based on our discussion and CEA's earlier written reply to each of the conditions in our report, Mr. Caldwell expressed no disagreement with the facts and agreed to implement all of our recommendations except the following with which he did not fully concur:

Recommendation	Details
II A 1 b (in part)	1
II A 2	2
II B 1 (in part)	9
II B 7	15
II B 11	19

CEA's comments and reasons for nonconcurrence with the aforenoted recommendations are shown after our presentation of the related details. Also, shown at the close of other details are Mr. Caldwell's comments relating to corrective action taken or proposed to be taken on recommendations with which CEA concurred.

III - DETAILS

ENFORCEMENT POLICY OF CEA

1. CEA's policy of holding budgetary fund requests substantially to that of the previous year, except for mandatory salary increases, has resulted in inadequate provision for manpower. Also, the conservative interpretation by CEA of the Act and their responsibilities thereunder, together with insufficient manpower, has precluded CEA from effectively carrying out their regulatory functions. CEA has followed a passive rather than active or aggressive approach to regulatory control. CEA needs to exercise a more aggressive enforcement role in preventing violations and irregularities.

Before describing some of the more significant findings regarding CEA's regulatory policies, the following was generally noted during our audit. CEA files disclosed that since 1957 CEA had reports of numerous allegations and suspicions with regard to DeAngelis' transactions, such as (1) price manipulation, (2) wash and prearranged trades, (3) unusual methods and volume of ex-pit trading, (4) failure to file reports and to notify CEA of controlled accounts. CEA conducted numerous fruitless investigations; increased market surveillance within CEA; and passively watched DeAngelis build up his holdings of long futures positions in 1963 to 93 percent of the near December CSO future and 92 percent of all futures in CSO, and 39 percent of total long positions in SDC.

Some of the more significant findings regarding CEA's regulatory policies are summarized in the following two paragraphs. The details are developed more fully in ensuing sections of this report.

The resultant effects of CEA's operating with insufficient manpower has been that CEA's policy (not necessarily in writing) has been, (1) to conduct investigations on a highly selective basis; (2) to suspend, since World War II, regular audits of traders' records; (3) to reduce drastically the number of trade practice investigations; and (4) to defer market-wide surveys.

Conservative interpretation of the Act by CEA and their responsibilities thereunder has resulted in CEA's following a hands off policy in the review of exchange actions and records. Moreover, CEA's relations with exchanges, including exchange of information, prior to the Allied [illegible] policy was ineffectual and weak. Also, regarding the [illegible]

for special information was very limited. Further, CEA did not sufficiently utilize the enforcement provisions of the Act when dealing with violators, and did not refer all violations of the Act to USDJ.

Conservative interpretation of the Act by CEA also contributed to CEA's not instituting measures against DeAngelis' operations. CEA stated there was no authority under the Act to take preventive action before the bankruptcy. In this connection the following are further examples of action CEA could have taken relative to the operations and subsequent bankruptcy of Allied:

(1) We believe, in accordance with Section 18.05 of the Regulations, CEA could have requested Allied to furnish reports of cash commodity positions, controlled accounts, and ex-pit trading. Such information might have shown that Allied was not a bona fide hedger and therefore had reported its hedging classification and controlled accounts falsely. It has subsequently developed that DeAngelis did not report two accounts controlled by him.

(2) CEA could have examined Allied's records under Section 4i of the Act relating to cash oil commodities and ascertained whether Allied violated Part 18 of the Regulations and Section 4i with regard to the possible false reporting of its futures positions as hedges. CEA's investigation subsequent to Allied's bankruptcy revealed that Allied had less than one-third of the forward sales needed to support its total long futures contracts as being a bona fide hedge in accordance with Section 4a(3) of the Act.

(3) In accordance with Section 4i of the Act, CEA could have examined traders' records of the unique non-competitive ex-pit trades, wherein DeAngelis may have passed false warehouse receipts. CEA's expression of concern and puzzlement as to the nature and reasons for the heavy ex-pit trading resulted in increased surveillance within CEA. Ex-pit trading accounted for about one-half of DeAngelis' CSO and one-third of his SBO trading, i.e., contracts bought and sold by Allied. The passing of false warehouse receipts, with the detection thereof, many of which presumably were used as the basis for hedging and establishing new futures contracts, would have resulted in charges of violation of Section 4c of the Act.

(4) CEA, in accordance with Section 8a(6), could have informally alerted the Chicago Board of Trade and the New York Produce Exchange that Allied's positions in the oil markets posed a possible threat tending to disrupt the oil markets. However, CEA did not believe the Act authorized them to reveal information concerning one market to another market under any circumstances. A subsequent Office of the General Counsel (OGC) opinion has indicated that this would have been permissible.

Another example of the conservative interpretation of the Act is illustrated by CEA's statement that they would not be concerned under the Act with allegations made by some of the Ira Haupt and Co. partners, that some members of an exchange by inside knowledge, increasing margins, and short selling, caused Allied's bankruptcy. CEA believed the exchanges should police themselves and that injured members should bring action against the exchange. OGC advised that CEA had authority under Section 6b of the Act to look into the matter and would want to consider many factors involved in such allegations such as the reasonableness of margin limits set by the exchanges, the considerations given to setting those limits and the extent of benefit to exchange members or others as a result of the liquidation of Allied's contracts. At the request of OTC and OGC, CEA made an analysis of these allegations to determine if a violation under the Act had occurred. They concluded no investigation was warranted.

In our opinion, CEA under the direction, guidance and support of the Secretary needs to revise and strengthen some of its policies and procedures to assure that a more effective and aggressive enforcement role is exercised by CEA. Many enforcement problems in futures trading have resulted from a lack of cooperativeness both as between CEA and the contract markets and as between the contract markets themselves. Examples of some of the problems are:

(1) Communications with each other in detecting and preventing possible violations from occurring.

(2) Clarifying exchange responsibilities in preventing violations.

(3) Communications with regard to establishing or to amending speculative limits, margins, controlled accounts, straddle trading, and other items as mentioned in Exhibits 9 - 15.

It is believed that only by the Secretary providing leadership in strengthening some policies to assure a more aggressive role by CEA that a common ground can be developed to stimulate cooperative efforts for an understanding to resolve the problems within, between and among these groups.

The Administrator does not feel that CEA has followed a passive approach to regulatory control or has had a conservative interpretation of the Act. He stated CEA had had the Secretary's support in connection with budget requests and would confidently expect his support in sound expansion of its regulatory work. He also stated CEA would welcome guidance and direction by the Secretary in connection with their liaison activities with the exchanges. However, he feels that procedures now in effect are sufficiently broad to provide adequate liaison and communications with all of the exchanges.

COMPLIANCE INVESTIGATIONS

2. CEA's policy of selecting only certain complaints or allegations for investigation has resulted in some allegations of possible violations not being investigated or acted upon, and therefore, CEA's enforcement of the Act has been weakened. CEA has no set policy regarding the type of investigation to be pursued. They investigate what they can based on resources. Also, since CEA did not always aggressively pursue investigations undertaken, some allegations remained unresolved, which further weakened CEA's enforcement of the Act.

We believe that the policy of conducting investigations on a selective basis is inadequate, and the selection of allegations to be investigated should not be dependent upon decisions based on certain influencing factors such as, shortage of personnel or excessive caseload. The thorough and aggressive investigation of all substantive complaints and allegations of violations, with priorities assigned according to seriousness, would materially strengthen enforcement of the Act.

In a letter dated May 20, 1963, to the Associate Director, Civil Accounting and Auditing Division, U. S. General Accounting Office, the Administrator stated, "We have, as you know, been operating for a number of years with a very limited staff of investigators. Consequently, it has been necessary for us to concentrate our investigations on a highly selective basis, giving attention only to the more serious matters." He also understood that while this did not give many people cause for concern, and had been done only to conserve our limited resources, it has been CEA's belief that [illegible] gave the public undue confidence in our

dollar of appropriation. The Administrator further wrote that to make detailed investigations of all possible violations of the Act, it was his feeling that CEA would have to triple the size of the investigative staff and double the size of the accounting staff. He did not believe that the additional enforcement would justify the increased expenditure of funds.

CEA files contained several complaints or allegations of violations on which little or no investigative action was taken. In most of these instances no documentation was made as to why there was no investigation or only perfunctory inquiries. Some examples of this follow:

(1) Our review of CEA Investigative File 61-38 raised several questions which the investigation left unanswered. Allegations were that D. R. Comenzo and Co., (Comenzo and Co.) was buying December CSO futures on October 13, 1961, to hold or raise prices because the deadline for offers to supply 200 million pounds of vegetable oil products under USDA Food-for-Peace Program was October 16, 1961. Investigation by CEA disclosed that most of these purchases by Comenzo and Co. were for Allied. D. R. Comenzo subsequently told CEA that DeAngelis was successful in obtaining contracts to supply 180 million pounds of the 200 million and had over half the amount in inventory. CEA examined the trading by Comenzo and Co. and obtained a list of successful bidders. They concluded that since DeAngelis was not shown as a successful bidder there was little to indicate a manipulation and the matter was closed. Other elements considered in closing the case were that FAS does not consider the futures prices in accepting bids and the limited range of prices at which purchases were made for Allied. Among the unanswered questions are the following:

(a) Was the possibility that DeAngelis was a subcontractor considered and checked?

(b) Was the complainant contacted by CEA New York as instructed in Washington?

(c) Who was the complainant?

(d) What criteria were used to determine how much price must fluctuate to prove manipulation?

(e) Was D. R. Comenzo requestioned about his statement that DeAngelis procured 180 million pounds of the contract when the Department news release indicated otherwise?

(f) If CEA had known DeAngelis was a subcontractor, would this have affected the scope of the investigation?

(g) How did the Department determine what price was acceptable and was the method used known to the trade?

(h) What influence did the futures prices have on persons or firms who made offers under this program?

(i) Amertrade was a successful bidder--what weight, if any, did CEA place on this since this was a firm suspected of being related to DeAngelis?

(2) In 1961, the Chairman of the CBT Board of Directors told the CEA Compliance Division Director that he had had numerous complaints that an "oil man" was rigging the market. The Board of Directors had received persistent complaints that false soybean, SBO and soybean meal information was being published by Commodity News Service for the purpose of affecting the market. The Chairman felt that hours of trading for these commodities should be the same since differing hours afforded the possibility of prices being influenced.

There was no documentation to indicate that CEA had made an attempt to, (1) positively identify the "oil man" to whom the Chairman referred; (2) identify and interview the persons complaining, to the Board;

or (3) obtain details as to how the "rigging" was performed. No investigative file was opened on the matter.

While ascertaining whether any follow-up was made by CEA, we were told that the Chairman was not making a complaint but was merely seeking expert advice on changing the hours of trading. The Administrator said that he saw nothing unusual in the CEA Compliance Division Director not asking the identity of the "oil man." He said he did not consider these complaints as serious or as anything more than gossip. We reminded the Administrator that he had stated in a memorandum to OIG that a study of DeAngelis' trading was made as a result of this complaint, and failed to show evidence of a violation. The Administrator subsequently furnished file folders representing the study referred to in his memorandum. These folders had information which appeared to be a comparison by the CEA Trading Division of some of DeAngelis' trading in SBO, CSO and soybean futures with items in news releases. No conclusions were documented by CEA in the folders as a result of the above.

(3) In another instance at about the same time (March 1961) the CEA Chicago Exchange Supervisor, reported complaints from four individuals that the oil market was being rigged by DeAngelis through the Commodity News Service (CNS). DeAngelis was reported to own four to five thousand tanks of oil which were "out of position."

The CEA Compliance Division Director said that CEA did investigate CNS, but found no violation. Our review of this investigative file (61-7) disclosed that the investigation consisted of contacting the editor of Trade News Service, an affiliate of CNS, to determine the source of information regarding the purchase of oil by Spain. The editor refused to reveal the source. The file also contained a copy of a Dun and Bradstreet report on Trade News Service furnished by CEA New York at the request of CEA Washington. No conclusion as a result of the investigation was documented, nor did the file indicate by documentation whether the investigation was open or closed.

small in the past compared to the total money passing

We found no indication that the CEA Compliance Division had interviewed the complainants in an attempt to initially determine:

(a) specific instances of rigging and individuals involved;

(b) identity of articles or information published by CNS and persons who were influenced by or traded on the basis of the information; and

(c) whether the information was false and complainant's basis for believing it was false.

The question of dissemination of false information in early 1961 by Trade News Service is being scheduled for cooperative investigation by CEA and OIG.

(4) In January 1963, CEA received a letter of complaint on a motel letterhead, indicating that soybean and SBO markets were being manipulated by Bringolic and Ralph N. Peters. The complainant also indicated that export sales were being made at far below market prices and named some firms which were being used as fronts. Investigative action by CEA consisted of telephonic inquiry to the motel in an unsuccessful attempt to identify the complainant. CEA could have visited the motel to:

(a) examine registration cards; and

(b) ascertain whether any convention or meeting of persons interested in the oil market was held at the motel.

CEA could also have determined whether export sales were in fact being made at far below market prices which would have indicated whether market prices were at an artificial level. CEA may also have considered whether there was any connection between this complaint and another complaint in person received two days earlier. This latter complaint, from an official of a processing association, expressed concern over the fact that the January SBO future was selling above the cash price of oil. CEA determined that the difference in the cash and future prices was not sufficient to warrant further investigation.

tomer accounts audited in the past eight years by the

(5) Regarding the investigation of DeAngelis started on November 15, 1963, CEA's primary interest was to determine whether there was a manipulation or corner. We were told that other types of violations were being considered, and that CEA was checking Allied's forward sales because questions were being raised as to what extent DeAngelis actually had forward sales even though it did not appear pertinent in determining whether there was a manipulation or corner.

An Assistant United States Attorney in New York City advised CEA that they should strongly pursue the possibility that DeAngelis issued false statements to CEA. However, that phase of the investigation was discontinued on the basis that verification of sales commitments was not a necessary part of CEA's investigation of possible price manipulation or cornering. Also, the investigation of false statements led to the need for examining the records of Ralph N. Peters. The Administrator stated that USDJ had asked CEA to refrain from examining records of Ralph N. Peters and that it seemed unlikely that CEA would ever be able to determine accurately Allied's total sales commitments without including Peters' records in the total examination. The examination of records indicated that Allied's forward sales equaled about one-third of its futures position and the remainder of the futures position may not have been properly classified as a bona fid hedge. While some portion of DeAngelis' remaining long futures position may have been supported by anticipated processing needs, there is no evidence that he claimed or intended these positions to be anticipatory hedges. Further, there is no evidence that these needs would have qualified the entire remainder as legitimate hedges. To the contrary, our review of NYPE records disclosed that Allied had contracted a substantial portion of its processing capacity to Bunge. Under this contract, Allied agreed to process for Bunge on 24 hours notice up to 20 cars per day at cost plus 5 percent. Thus, the quantity to be processed for Bunge would have to be eliminated from Allied's production capacity. Another DeAngelis firm also had facilities which he might possibly have used to claim anticipated processing needs. However, in the absence of complete facts in this respect, it would be mere speculation as to whether such firm may also have had similar agreements with Bunge and others. Therefore, it

proposing the closing of the office. A more effective uti-

appears questionable, in the absence of complete facts, that over 22,000 SBO and CSO futures contracts could have been a bona fide hedge. Further, some of the contracts examined by CEA were not confirmed and may have been fictitious.

From the above, it seems that this phase of CEA's investigation was conducted with no real intention of ever using the information developed and was stopped before sufficient facts were developed to determine whether a violation had occurred. CEA could have continued the investigation by:

(a) determining whether the contracts not confirmed were actually fictitious;

(b) examining records and conducting interviews with creditors other than Ralph N. Peters; and

(c) discussing the matters of false statements with USDJ through OGC to determine if USDJ desired further follow-up on this phase to include records of Ralph N. Peters, in view of the wishes expressed by the Assistant U. S. Attorney in New York.

(6) In July 1964, OIG furnished CEA with eight documents relating to DeAngelis--Allied's 1960-1963 operations, which were obtained from Allied's files. Some of these documents contained instructions from DeAngelis to raise the price of oil futures because the futures price was the price basis for acceptance of his offer of cash oil to foreign countries. In one document, DeAngelis in effect admitted disseminating false information and ordering a large amount of short selling to deliberately affect the futures market.

CEA conducted an analysis of these documents which we have evaluated. We feel that CEA's analysis did not give full effect to some of the salient points in the documents. CEA rationalized that no manipulation occurred since reports submitted by large traders did not reveal any concentration of buying by persons or firms known by them to be connected with DeAngelis, even though some of the documents

contain statements such as: "...regarding Comenzo, no buying for us, but try close market July very high...." "...close through stranger so can't track to us...." "...will supply names later."

OIG conducted further analysis of these documents and after conferences with OIG representatives, CEA agreed that active investigation was warranted. Cooperative investigation by OIG and CEA is in progress on matters relating to price manipulation, attempted manipulation, and dissemination of false information.

It is our conclusion that as a result of CEA's policy of selecting matters to be investigated on the basis of limited manpower and budgeted resources, CEA has by-passed some investigations and has been unable to handle compliance responsibilities adequately. Since CEA has not maintained, (1) reliable documented historical records of uninvestigated complaints from outside sources and uninvestigated alleged violations resulting from analysis of trading information; and (2) the reasons for not investigating such complaints and allegations, its caseload backlog and manpower requirements could not be accurately determined. As of November 30, 1964, the staff of investigators consisted of eight men which includes the Director of Compliance Division and his Assistant. In order to provide more effective investigations, we believe that the Secretary should support CEA in funding to hire additional investigators with the quality of experience and training to effectively perform the regulatory work under the Act.

Consideration should be given also to transferring the investigative work to OIG. In evaluating this suggestion, consideration should be given the fact that at the present time, CEA (1) decides whether an investigation should be conducted in a particular matter; (2) conducts the investigation; and (3) based on results of their investigation, either takes no action, takes informal action, or recommends criminal or administrative action. In other words, CEA, in effect, acts as initiating party, investigator, and makes judgments in determining, on the basis of their own investigation, what action, if any, should be taken; or acts as "prosecutor, judge and jury." Further, due to peaks and lags which recur in any investigative workload, and the need to handle investigations on a timely basis, consideration should also be given as to whether CEA could effectively utilize, during slack periods, the optimum number of employees that may be required during peak periods.

trading sections; and (c) third type was that the

The Administrator does not believe that it would be desirable for the Secretary to transfer certain investigative functions of CEA to OIG. He stated that CEA operates in a very technical field and believes their investigative work can best be handled by investigators who are specifically trained for this type of work and who devote full time and attention to it. CEA would like to feel free to continue to call upon OIG when they need the type of investigational work which can best be handled by OIG. CEA believes because of (1) the expertise required of their investigators, (2) the need to keep the Administrator informed at all times of the progress of investigations, and (3) the desirability of having the same investigator handle an entire investigation rather than having different investigators at several locations handling a single case, that CEA investigations can best be handled by a small well-trained efficient staff. Further, CEA can call upon their auditors to assist in some phases of investigations during their peak investigative workload periods.

AMENDMENT TO THE REGULATIONS AND PROPOSED NEW LEGISLATION

Penalty Notices on CEA Forms

3. Most CEA forms did not provide for penalty notices to indicate that willful misrepresentation or concealment of facts might be cause for penalties and possible criminal prosecution. The regulations should be amended to provide for appropriate penalty notice on CEA forms.

The facts concerning penalty notices on various CEA forms are as follows:

(1) Form 1-R, Application for Registration as Futures Commission Merchant, and Form 2-R, Application for Registration as Floor Broker, contain a certification which reads in part that, "willful misrepresentation or concealment of any material fact constitutes cause for suspension or revocation of registration."

(2) Form 40, Statement of Reporting Trader, and Form 102, Identification of "Special Accounts," have no penalty notice, but provide for a signature. Form 40 is required of a trader who reaches a reporting position in any regulated commodity. Form 102, is required of Futures Commission Merchants (FCM) and foreign brokers who report a special account for the first time. A special account is any commodity futures account in which there is a reportable position.

In addition, emergency assignments

(3) Series 00, 01, 03, 04 forms do not contain a penalty notice. The 00 forms are required of clearing members; the 01 forms of FCM and foreign brokers; the 03 forms of traders who hold or control reportable positions; and the 04 forms of merchants, processors and dealers who hold or control reportable positions in commodities for which there are speculative limits. These forms show a code number as assigned by CEA instead of the name of the person reporting.

These reports must be highly accurate because they are a principal source used by CEA for surveillance of futures trading on all commodity markets. (Refer to Details - 10)

In 1955, an audit was made to test DeAngelis' compliance with reporting requirements. CEA New York, on December 12, 1955, transmitted to CEA Washington, a tabulation of reports not filed by DeAngelis, noting that: "It would appear DeAngelis is intentionally failing to comply with our reporting requirements." The audit report cited 37 failures to report and eight inaccurate reports between August 31 and October 28, 1955. The report's conclusion was, "...do not feel, in consideration of his long series of reporting discrepancies, that a warning letter would be of much use." The obtaining of accurate information from traders has been a continuing problem over the years for CEA, consuming considerable manpower to obtain corrected reports, often without success.

CEA has, in the past, felt it was useless to prosecute solely on the basis of the charge of false information. The Administrator, in commenting upon verification of forward sales contracts of Allied, stated in a memorandum dated January 28, 1964, to the CEA Compliance Division Director:

"Since the verification of sales commitments is not a necessary part of our current investigation of possible price manipulation or cornering, and there is no indication that this information would reveal any other violation of the Act or Regulations, I do not feel we should make any other efforts in this area."

potential of the field employees and facilitate

The CEA Compliance Division Director advised substantially as follows:

> We have not looked into the possibility that DeAngelis failed to keep accurate records or reported falsely as a hedger. CEA could probably pursue the matter of failing to keep accurate records and charge DeAngelis with that violation. However, this is a very minor thing which would not be worthwhile and anyone would be "out of their mind" to file criminal charges on this. CEA attempted to determine if DeAngelis was a bona fide hedger, but after the bankruptcy this became academic and was not pursued.

The Administrator stated CEA would examine a trader's books and records and/or confirm with others if it were suspected a violation of the Act existed. The CEA New York Exchange Supervisor stated that CEA accepts CA cash inventory reports as submitted and would question information in a report if something "didn't look right."

Action is needed to amend the Regulations under the Act to provide for a penalty notice on CEA reporting forms. This would stimulate more care in preparation of reports and would deter people from willfully filing false information. Because of the need for maintaining the confidential relationship with respect to information reported to CEA, signed attestations as to accuracy of information reported were not considered feasible by CEA due to the possibility that the identity of the party submitting information, as well as the information reported, might fall into a competitor's hands. By using numbers to identify each reporting party on their reports, CEA feels they can continue to preserve their relationship of confidentiality with each reporting party.

CEA has submitted a legislative proposal to specifically provide that willful misrepresentation or concealment in any material fact in any report to CEA by any person would subject such person to penalties and possible criminal prosecution. Mr. Caldwell agrees to provide for penalty notices on CEA forms. Until the new legislation is passed, these notices would cite as authority 18 USC 1001.

Request of Information from Traders

4. Traders are not required to report their cash commodity position when speculative limits are not in effect. Lack of such information weakens the market surveillance function. Amendment of the Regulations to specifically state that any reporting trader may be required to submit, upon call by CEA, a report of his cash commodity positions, would serve as a deterrent to violators and would strengthen enforcement of the Act. Such reports would be subject to verification by CEA. (See Details - 10)

When speculative limits are not in effect, reporting traders (merchants, processors and dealers) in eleven regulated commodities, including CSO and SBO, are exempted from filing reports of their cash commodity positions. Reporting traders in grains, cotton and eggs are required to file a series 04 report of their cash commodity positions, since speculative limits are in effect for these commodities. Reporting traders are not required to report their ownership of deliverable supplies, which would represent part of their cash commodity positions.

An 04 report was not required to be filed by DeAngelis, since speculative limits in CSO and SBO had been suspended since 1954. (See Exhibit 1 concerning history of speculative limits.) Under Section 18.05 of the Regulations, CEA had authority to request DeAngelis to furnish a report of his cash commodity positions, but made no such request.

Section 18.05 states:

> "Every trader who holds or controls a reportable position, shall keep books and records showing all details concerning such positions and the transactions therein and all related transactions...." (Underscoring Added)

CEA Administrative Determination Number 188, dated February 21, 1962, construes "related transactions" to include cash transactions. If CEA had a policy of agressive enforcement of the Act, we believe CEA would have acted under their Administrative Determination to obtain information on DeAngelis' cash positions, about mid-year 1963.

CEA Administrative Determinations are not circulated to the trade; therefore, the trade would be unaware of such decisions.

speculative limits are in effect for these commodities.

If DeAngelis had been aware that CEA had authority to request him to furnish cash commodity positions and CEA would exercise such authority, we believe that DeAngelis might have been deterred in building up his large positions in 1963, which were a major factor in disrupting the oil markets. We also believe DeAngelis would have feared exposure of his possible false hedging position by the reported information of his cash transactions. After his bankruptcy, CEA found that DeAngelis' forward sales supported about one-third of his long futures positions as being a bona fide hedge.

From information in a reporting trader's reports of his futures and cash commodities positions, including deliverable supplies, CEA could more readily determine, (1) what a trader is doing in the cash and futures markets; (2) whether forward sales or purchases support hedging futures positions; and (3) the extent of control of deliverable supplies by a trader.

Ralph N. Peters, a large speculator, acquired large cash commodity positions through financing arrangements with DeAngelis. Peters, although not a commodity merchandiser, held a large quantity of deliverable and nondeliverable supplies, which supplies posed a possible threat of cornering, since upon repayment of the loans, DeAngelis would have reacquired the cash commodities. Nevertheless, CEA did not obtain reports of his cash positions. This is a further example of the need for CEA to exercise its authority to place a call to any reporting trader, regardless of whether he is classified as a speculator or hedger.

During the audit, our coverage developed a finding that the Regulations under the Act should be amended to specifically state that upon call by CEA any reporting trader must furnish reports of his cash commodity positions whether or not there are speculative limits.

No recommendation on this finding was necessary since Section 18.05 of the Regulations has been amended, as discussed with CEA, requiring reporting traders to maintain books and records showing details concerning all futures and cash commodity transactions and to furnish to CEA upon request any pertinent information concerning such positions and transactions. The amendment was published in the Federal Register of May 22, 1965.

Criminal Penalties and Civil Damages Against Manipulators

5. The Act provides relatively light penalties for violators. Furthermore, there is no legal provision for civil suits by persons who are monetarily injured through price manipulations not involving a corner or squeeze in the futures

markets. Legislation is needed to strengthen the Act by declaring certain violations a felony with higher penalties. Legislation is also needed to permit persons injured monetarily by such manipulations to bring civil suits for damage.

Section 9 of the Act provides that a person violating various provisions of the Act shall be deemed guilty of a misdemeanor, and upon conviction, shall be fined not more than $10,000 or imprisoned for not more than one year, or both, for each count, together with the costs of prosecution.

Suits by persons injured because of monopolistic practices are permitted under 15 U.S.C. 15. Any person injured by reason of anything forbidden in the antitrust laws may sue therefor in any District Court of the United States with respect to the amount in controversy and can recover threefold the damages sustained, and the cost of the suit, including a reasonable attorney's fee. We have been advised that such suits may be instituted in connection with price manipulation accomplished through a corner in the market.

Treble damages have been provided for by some State statutes to acts which are not merely wrongful or unlawful but are intentional or wanton in character. In our opinion, intentional price manipulations, in which no corner is effected, are unsocial acts that tend to disrupt the machinery of legitimate speculation in commodity markets. One of the main purposes of the Act is to protect the market price making mechanism by preventing or deterring price manipulations.

The Administrator, in a memorandum to the Assistant to the Secretary on December 9, 1963, stated that with each one-cent decline in the price, Allied was called upon to furnish over 13 million dollars in additional margins. We believe, conversely, that if an individual like DeAngelis had cornered the market or manipulated the price, each one-cent increase in price would have resulted in 13 million dollars profit to him. Assuming CEA could prove in court that DeAngelis cornered the market or manipulated the price, the maximum penalty under the Act would be $10,000 fine and/or not more than one year in prison for each count. It would take a great many counts to penalize DeAngelis financially, provided as a practical matter the Government would or could sustain proof of a large number of counts. It would seem that to a potential cornerer or price manipulator, it might be worth the risk to indulge in such illegal acts in view of the present light penalties.

The Act should be strengthened to deter price manipulation and other violations by an amendment to provide for more stringent criminal penalties. We believe that a violation of the Act, such as manipulation, cornering or dissemination of false or misleading information, should be a felony rather than a misdemeanor and should provide for higher criminal penalties. Further, we have been advised that in price manipulations involving a corner of the market, that civil suits for treble damages by persons injured are permitted under existing antitrust laws. Legislation is needed to permit such suits by persons injured by manipulations in which no corner is involved. The question of treble damages in such cases was discussed with OGC who agreed that such a proposal merits consideration.

The Administrator concurs with our recommendation and plans to discuss with OGC the appropriate method for implementation.

Recordkeeping Requirements for Exchanges

6. Records of the Chicago Board of Trade were insufficient and fragmentary. These records did not permit a determination as to whether the exchange was fulfilling the requirements of their designation as a contract market. An amendment to the Act is needed to enable the Secretary to require the exchanges to keep adequate records.

In order for CEA to adequately perform their responsibility for assuring that the contract markets meet the conditions for having been designated as contract markets, the contract markets must maintain adequate records of their management of operations.

The minutes of the CBT Executive Board contained only a very brief statement on decisions made by the Executive Board. In checking on the allegations of Ira Haupt partners in the DeAngelis matter, that the exchange had raised margins to cause Allied's bankruptcy, we were unable to determine from the minutes, information as to who proposed raising margins, the reasons therefor and the members who voted for or against the proposal. Matters unrelated to futures trading were not kept separately in the minutes from matters relating to futures trading. Investigative files were inadequate and any facts developed by the CBT Office of Investigations and Audit could not be readily verified. In commenting on the adequacy of information, we were informed that in the future there would be even less information placed in their records if OIG and CEA were to regularly inspect the records.

The NYPE in contrast to the CBT did maintain records which were fairly informative of actions taken and basis for decisions.

The Act does not require exchanges to maintain a record of complaints or to refer to CEA complaints, or allegations of violations of the Act which come to their attention including any action which may be taken thereon by the exchange. CEA has agreed to our recommendation that they regularly review the records of contract markets (Details - 14). They plan to review the records of CBT on a monthly basis and the records of other exchanges on a quarterly basis. CEA has also agreed to our recommendation that the Act be amended to give the Secretary authority to prescribe minimum information to be kept in the books, records, minutes and journals of proceedings of contract markets and its various boards, committees and subsidiaries. When such authority is granted, CEA has stated that they will require the documentation of complaints and allegations of violations of the Act received by the exchanges. In view of CEA's plans for implementing these recommendations, we believe that all complaints and allegations of violations of the Act received by the exchanges would come to the attention of CEA for timely and appropriate handling. Therefore, no recommendation was made with regard to amending the Act to require exchanges, as a condition of designation as a contract market, to report to CEA all violations and all complaints and allegations of violations of the Act which come to their attention.

We believe that Section 5a(2) of the Act should be amended by adding thereon a clause to give the Secretary the authority to prescribe the minimum information to be recorded and kept in the books, records, minutes and journals of proceedings of contract markets, its governing board, all committees and all subsidiaries and affiliates of the contract market, for examination by representatives of the Secretary and USDJ. If this were done, the Secretary could, through Regulations, prescribe for example that the minutes of governing boards and committees show who attended, the matters considered and who proposed them, the sense of the discussion, the final resolution and how each member attending the meeting voted on the resolution. Matters relating to futures contracts could be required to be kept separately from other unrelated business operations of an exchange. Also, regulations could require that the results of any investigation by any board or committee be sufficiently documented to show the nature of the complaint, the investigative steps taken, and the

increased supervision. Therefore, efforts should be made

conclusion reached. In connection with the foregoing, we would like to point out that the Packers and Stockyards Act (7 USC 221) provides that records, accounts and memoranda shall be kept by each packer and stockyard owner as shall fully disclose all transactions involved in his business. Further, that the Secretary may prescribe the manner and form in which such accounts, records and memoranda shall be kept, and thereafter any such person who fails to keep such accounts, records, and memoranda in the manner and form prescribed or approved by the Secretary shall upon conviction be fined not more than $5,000 or imprisoned not more than three years, or both.

CEA agrees to submit a legislative proposal which will authorize the Secretary to prescribe the manner and form in which the books, records, minutes and journals shall be kept and the minimum information to be recorded and kept in such books and records of contract markets.

Safeguarding Customers' Segregated Funds

7. The Act permits FCM to include negotiable warehouse receipts and investment securities in the segregated fund account. If warehouse receipts or investment securities are found to be valueless as a result of their fraudulent issuance, and are not redeemed by FCM, then the segregated fund account would be impaired. Such impairment could result in losses to customers, FCM, and the clearing house.

In addition to possible losses resulting from fraudulently issued warehouse receipts and investment securities, the segregated fund account could be impaired as a result of theft or misuse of funds by FCM. Since 1938, regulated commodity customers have lost about $230,000 deposited as margins with five nonregistered brokers and seven FCM, as a result of theft or misuse. A recent loss occurred in 1963 when an FCM in Nevada absconded with over $60,000 of customers' funds.

In connection with DeAngelis' activities, fraudulent warehouse receipts were issued to Ira Haupt & Co., who used them as collateral to obtain loans from banks. These fraudulent warehouse receipts were a principal factor in causing Haupt's bankruptcy. Under the Act, Haupt could have placed millions of dollars of these fraudulent warehouse receipts in the segregated fund account. Fortunately, this did not occur. Nevertheless, Haupt's segregated fund account was

impaired by the transference of over three million dollars of segregated fund money to pay a creditor bank. CEA, upon learning of this, demanded and was responsible for the return of the money to the segregated fund account.

The segregated funds of Williston and Beane, Inc., and D. R. Comenzo and Co., Inc., became temporarily undersegregated after DeAngelis had issued checks of $610,000 and $100,000, respectively, to these FCM as margin, and subsequently the checks were not honored at the banks. Both FCM replenished the segregated fund account. However, the losses resulting from the dishonored checks contributed to the impairment of the capital of the two firms and eventually to Williston and Beane's dissolution and Comenzo's bankruptcy.

Following the bankruptcy of Ira Haupt and Co., the New York Stock Exchange (NYSE) spent about $9.5 million in liquidating Haupt's debt to its stock customers. To recover the $9.5 million within three years, the stock exchange increased the assessments of its members. However, the president of the NYSE indicated that the exchange had no intention of making a permanent practice of repaying customers of brokerage firms which become financially insolvent.

It is not the usual commercial practice for firms holding negotiable warehouse receipts to physically verify fungible commodity inventories which back up such receipts because it would be too costly to inventory the total fungible stock against total outstanding receipts. Reliance on the authenticity of the warehouse receipts would have to be placed on the reputation of the trader and/or the issuing warehouse. Since there is a possibility as in the DeAngelis case that fraudulent warehouse receipts may be issued, a firm which made an unlimited number of loans based on warehouse receipts could be seriously hurt if fraudulent warehouse receipts were in fact accepted by them. The NYSE has revised its rules to guard against the unlimited issuance of loans based on the security of warehouse receipts by providing that member firms, in addition to maintaining a "net capital" equal to at least one-twentieth of their total liabilities, must count as a reduction of capital any advances made against certain types of warehouse receipts. In effect, a member firm granting credit against warehouse receipts without the specific understanding that the loan is for less than 90 days must put up additional capital to match the amount lent. In our opinion, the NYSE rule changes do not provide fully for the protection of all segregated fund accounts because their rules do not cover FCM who are not members of the NYSE.

Though losses in the segregated fund accounts have been small in the past compared to the total money passing through the segregated fund account, there is a weakness in the Act that the potentiality exists that serious losses could result from fraudulent practices.

CEA has proposed legislation, (1) requiring FCM to have and at all times maintain minimum capital requirements, and (2) eliminating warehouse receipts from segregated funds. In view of these proposals and since CEA will audit to assure that FCM maintain capital requirements, no recommendation was made with respect to bonding FCM.

THE CLOSING OF THE NEW ORLEANS FIELD OFFICE

8. The CEA New Orleans Field Office should be closed and its responsibilities for audits, investigations, surveys and other functions should be transferred to other CEA field offices. These responsibilities and functions can be performed as effectively and more economically by other offices.

As recently as July 1964, CEA had requested and received approval of the Assistant Administrative Secretary to close the New Orleans office. Closing of the office was to have been effective September 30, 1964. Basis for closing the office was the suspension, on July 9, 1964, of futures trading on the New Orleans Cotton Exchange and the serious decrease (98 percent over ten-year period) in futures trading of cottonseed and soybean meals on the Memphis market over which supervision was exercised. Under the plans for closing the office, supervision of the Memphis market was assigned to the CEA Chicago Field Office and responsibilities for audit, investigation and other functions in the ten States of the Southeast Area, covered by the New Orleans Field Office, were to be transferred to three of the remaining four CEA field offices.

After further consideration in the Office of the Secretary and on direction from that level, CEA on September 15, 1964, "reconstituted" the CEA New Orleans Field Office with responsibilities effective October 1 for conducting audits in the ten States within the Southeast Area formerly supervised by the office and assisting in investigations, marketing surveys and other matters as requested by other offices. As reconstituted the CEA New Orleans Field Office was staffed with an auditor (financial activities) GS-13 and a clerk-typist, GS-4.

Our analyses of the audit requirements revealed that customer accounts audited in the past eight years by the New Orleans office have dropped from 1,762 accounts in 1956 to 672 in fiscal year 1964. These customer accounts were examined during 134 and 37 audits, respectively, of FCM. During fiscal year 1964, approximately one-half man year was devoted by the New Orleans supervisor (GS-13) to the audit activity. The number of customer accounts examined per auditor (GS-11 or GS-12) per year ranged from 1,696 accounts by auditors of CEA Chicago Field Office to 2,453 by auditors of the CEA New York Field Office.

Our analyses of the CEA New Orleans Field Office audit activity in fiscal year 1964 further revealed that the 37 FCM audits were not all audits per se to determine that FCM had maintained segregation of customers' funds but that 31 of the FCM audits were actually for the purpose of verifying that the particular FCM had no customer account activity requiring segregation of fund audits. We were informed by CEA that they deemed such on-site verifications to be necessary since they had no reliable reporting means, other than the Series 01 reports by FCM on reporting traders, to determine whether or not an FCM had customer trading accounts subject to audit. The 672 customer accounts examined in fiscal year 1964 were held by six FCM located in four cities--New Orleans, Louisiana; Atlanta, Georgia; Montgomery, Alabama; and Nashville, Tennessee.

With requirements for only six audits, it is questionable whether there is sufficient work to keep an auditor employed on a full-time basis even assuming that a portion of his time might be required for investigative or survey work. Also, it is doubtful that the activity of this office would require the full time of a GS-4 clerk-typist. In addition, an auditor at the GS-13 level in a field audit agency is considered to be supervisory to direct audits of varying complexities which are performed by auditors at lower grade levels. Segregated fund audits are normally performed at other CEA offices by auditors at the GS-11 or GS-12 grade levels.

Closing of the CEA New Orleans Field Office would result in a savings to CEA in personal services expense and the expenses of operating the office, as well as a saving to GSA in annual rental costs of $3,294 for office space. Travel expense would increase by an approximate $250, plus some slight increase in per diem, if audits and verifications were performed from other CEA offices on the basis of reassignment of audit activity as formerly planned by CEA in

proposing the closing of the office. A more effective utilization of the services of the auditor, GS-13, as a supervisor would be realized with audits being performed by journeyman auditors. Certainly, the services of the clerk-typist could be more effectively utilized on a full-time basis.

Savings in travel expenses and more effective utilization of manpower can be achieved if CEA establishes a reliable reporting system whereby all FCM are required under penalty of false reporting to report whether or not they had customer account activity. If considered necessary, tests for verification of accuracy in such reports by FCM could be made on a cycle and systematic basis, with verification work being performed desirably whenever an auditor was in the vicinity of the FCM.

CEA expressed no opinion on this finding and related recommendation since the decision to continue the New Orleans Field Office as a field office had been made at the Secretarial level, countermanding the prior action by CEA to close the office.

ORGANIZATION AND DELEGATIONS OF AUTHORITY

9. CEA manages its functions by central control at the Washington level with the field offices primarily performing their major activities on specific directions from the Washington office. In the CEA Organization and Procedures Manual (OPM), CEA states its policy is to give each division director at headquarters and each field office supervisor the fullest possible measure of authority in his sphere of operations consistent with central control. The extension and elaboration of this policy into procedures and assignments of duties, as stated in the OPM and position descriptions, has not been clear or consistent. As a result, the OPM and position descriptions permit dual direction of program operations in field offices by the division directors and the CEA field office supervisors. In actual practice, major decisions are made at the Washington level with respect to determining assignments and methods and plans for conducting the assignments. The results of this central control of operations and inconsistencies in the statements of responsibilities in the OPM and position descriptions have been to, (1) reduce the field office supervisor's effectiveness as a manager; (2) weaken the development of field supervisors in the promotion channel; (3) overload the division directors with field direction of activities so that they have not been able to

In a subsequent investigation (Case No. 64-33) also

adequately perform their managerial functions; and (4) weaken the initiative of the field staff in developing leads and carrying out their assignments.

The functions of CEA should be realigned to permit the division directors primarily to perform their managerial functions and to permit the field office supervisors to perform fully the necessary program and administrative operations within their geographic area.

CEA's organizational policy, as stated in the current OFM, is essentially the same as policy stated in the OFM dated 1941 and 1951. Based on our review of these manuals and our observations of the current operations, it was our opinion that there had been no significant change in their organizational philosophy from 1941 to date.

The assignment of authority, responsibilities, and duties, as stated in the current OFM and position descriptions, were not clear or consistent. Two examples are as follows:

(1) The OFM provides that the field office supervisors were responsible for the general supervision of the field offices and the division directors were responsible for the operations of their divisions, which include the corresponding sections in the field offices. The responsibility for direction and supervision of the field office sections, as stated in the OFM, was thereby overlapping and conflicting.

(2) The field office supervisor's position descriptions state that they will provide supervision and direction to the field office sections, whereas the position descriptions for the directors of the Accounting and Licensing Division, and the Trading Division also provide that they will provide direction of the activities of the field office sections; however, the position description for the director of the Compliance Division provides for direction without specifying whom he will direct. Also, the type or degree of direction given by these directors was not uniformly stated: (a) One type of direction was that the director would direct all field office audit activities; (b) another type was that the director would give technical direction and coordinate the

trading sections; and (c) third type was that the director would investigate, or direct investigations of alleged violations.

In addition to overlapping authority over section heads and inconsistencies as to supervisory authority in the division directors' position descriptions, the section heads' position descriptions are also inconsistent with each other and with their supervisors as to the type or degree of supervision received. Further, the position descriptions of the heads of the two compliance sections (Chicago and New York) permit both to originate and plan investigations. However, one is permitted to do this on his own initiative, while the other is permitted to do so on instructions from the division director and at times on his own initiative.

As stated in the preceding paragraph, the OFM and position descriptions provide for dual direction of the program activities of the field offices by the division directors and field office supervisors. However, good management practices dictate that no employee should be subjected to direction from more than one supervisor for any one function if he is to perform that function effectively and efficiently.

Our discussions with CEA personnel and our observation of the program operations in the field offices disclosed that, in actual practice, the dual direction by the division directors and by the field office supervisors was not in fact equal or identical.

Generally, the program activities of the field offices have been controlled by the division directors, in Washington, as working supervisors. Field personnel have been under the administrative direction of the supervisor of the office to which assigned, but matters relating to technical and program direction, including work assignment, were handled primarily by the Washington Staff directly with the section heads at field locations. Reliance was placed on the field office supervisors being kept informed as to the work being conducted in their area of responsibility by having correspondence pass across their desk and by discussions currently with the section heads. The field office supervisors were responsible for carrying on routine work and were expected to bring to the attention of the Washington office any assignments initiated and directed by the Washington office which conflicted with the current work of the field offices.

with respect to exchanges furnishing records to CEA

In addition, emergency assignments as initiated in the field and matters indicating existence of possible violation of the Act were to be brought to the attention of the Washington Staff for coordination and direction from the Washington level. In practice, the responsibility of the field office supervisor for carrying on routine work, with the exception of routine audits, has had little significance since major efforts of the field offices have been in investigatory and market surveillance work as directed and controlled by the Washington Staff.

This method of operation presents many managerial problems. Some of the problems have been, (1) the weakening of the field office supervisor's initiative, which relates directly to the development of his potential for filling positions of greater responsibilities; (2) the weakening of morale and effectiveness of the field staff because of the inability of the field office supervisor, except in very minor circumstances, to act with authority on program matters; and (3) the division directors not providing divisional procedures manuals for the uniform guidance of program operations in the field offices. (See section on "Procedures Manuals" - Details - 19)

We are of the opinion that the responsibility for the field office program activities should be vested in the field supervisors in charge of the field offices, not only to eliminate the problems stated in the preceding paragraph, but also for the following reasons:

(1) The person in charge of a field office should have the authority to carry out the responsibilities for the program activities of the field office.

(2) The field office employees should have someone on the site to have the authority to direct them and be available for consultation on program activities.

(3) It would lead to a creative participation by the field staff in making program decisions. A summary of typical statements of field personnel, showing the lack of a sense of creative participation follows:

- The field office staff stated that they would have been presumptuous to have made recommendations to Washington. CEA is run from Washington. Washington has the reports, if they want us to investigate they will tell us.

(4) It would lead to the development of the management potential of the field employees and facilitate their advancement to progressively higher level positions. Each step in the management ladder should prepare the employee for the next succeeding step. Decentralization of decision-making is a prime tool in developing employees. No one can really develop the judgment necessary to be able to make good decisions except by making decisions. It is necessary for an employee to gain confidence in his own judgment before he can convince others of the wisdom of his decisions.

(5) The division directors would not be burdened with as much actual program direction. This would allow them to devote a greater portion of their time to managerial duties; such as, the overall policy matters and the development of program procedure manuals and instructions.

CEA should review their organizational policies and management practices with the view of (1) devoting more time to the formulation of overall policies and procedures for the guidance of CEA's operating staff; (2) establishing clear lines of authority and responsibility; (3) establishing an actual decentralized relationship between Washington and the field, delegating full authority over program and administrative activities in field offices to the field office supervisors; and (4) delegating authority and responsibility to field section heads and lower levels wherever possible, and thereby assisting employees in exercising initiative and developing a sense of participation.

The Administrator stated that CEA agrees to devote adequate time to the formulation of overall policies and procedures for the guidance of CEA's operating staff. CEA is also undertaking a review of position descriptions to eliminate overlapping, conflicting or inconsistent statements.

The Administrator disagrees with the recommendation that CEA's activities be further decentralized. He believes CEA's work falls into three highly specialized areas: compliance, auditing, and trading supervision. In view of the very technical nature of the work, the Administrator feels that the program in each of these areas must be directed by an expert in that particular field. For example, the director of the Compliance Division must be an expert in handling

investigational and compliance work but need have only a general knowledge of trading supervision and accounting work. The Administrator also believes that although CEA field office supervisors are extremely capable persons, he does not feel that it would be fair to require them to direct the technical activities in the three diversified branches. This, however, does not mean that the supervisor is in any way restricted in taking whatever action he deems desirable in any of the operating areas. If the supervisor feels, for example, that certain investigational work must be started immediately, he has full authority to make the investigation, using whatever personnel he may wish to assign. The only restriction is that if the work is to extend for more than two days, he must notify the division director in whose technical area the work falls and the division director or directors whose personnel is being used. If necessary, priorities of assignments and on use of personnel will be determined by the Administrator.

OPERATIONAL POLICIES

Audits of Traders' Reports

10. CEA has not made test audits since World War II, of reporting traders' records for verification of information on traders' reports. These reports are a prerequisite of effective regulation. As indicated in the previous section on requirements for penalty notices (See Details - 3) CEA required that these reports be highly accurate because they are a principal source used by CEA for surveillance of futures trading on all contracts markets. Absence of such verification may enable the trader to conceal his correct classification as hedger or speculator and the nature and propriety of his ex-pit transactions. It also weakens CEA's enforcement role to detect and to deter false reporting violations and may result in the publishing by CEA of incorrect and misleading trade statistics. CEA should design test check procedures for verification of information on selected reporting traders' reports.

Part 15 of the Regulations under the Act requires all traders who hold or control reportable positions to file reports of their commodity futures positions and transactions. These reports must be filed with CEA on the first day when a trader has acquired a reportable position and for each day thereafter on which he has transactions in any future of such commodity. Merchants, processors, and dealers holding reportable positions in grain, cotton, and eggs must file a

About three months prior to the liquidation of the May 1964

weekly statement of their cash commodity positions, since speculative limits are in effect for these commodities. Reports on cash positions in other regulated commodities are not required to be filed, since speculative limits are not in effect for these commodities.

Information on traders' reports is used for market surveillance of futures trading on all contract markets. The prerequisite of effective regulation of futures trading is to have complete and accurate information with respect to total futures market activity.

Traders' reports, which provide the basic links in the chain of CEA's reporting system, contain such information as open contracts classified as hedging or speculative, daily trading and deliveries, controlled accounts, exchanges of futures for cash in ex-pit transactions and cash commodity positions. The reporting system serves as a basis for market surveillance through which CEA keeps posted as to what is happening in the markets, for the purposes of detecting and preventing price manipulation and other trading abuses. Information in traders' reports is also used in publishing market information. The CEA Trading Division advised that CEA required a "high degree" of accuracy in reports, since market surveillance depends upon the accuracy of information in the reports.

Prior to World War II, audits were made to determine the accuracy of reports rendered by traders. The CEA Trading Division advised that these audits ceased because the workload for auditors increased in other areas.

Since audits of traders' reports ceased, the CEA Trading Division has attempted to verify questionable information on traders' reports by telephone and by writing to the trader or his futures commission merchant. The Trading Division, on June 5, 1963, wrote to its counterpart in Chicago, that they knew that numerous omissions or incomplete information was reported by the Peters and DeAngelis groups. A former chief of the CEA Chicago Trading Division later told OIG that there was no realistic follow-up due to lack of personnel.

DeAngelis changed the classification of his futures positions from speculative to hedging in May 1963. CEA questioned this change by letter dated May 9, 1963. On September 18, 1963, CEA again, by telephone, inquired as to Allied's classification as a hedger because the Trading Division questioned the

classification due to the international situation and the fact that CSO and SBO were a drug on the market. As to whether DeAngelis could be reporting such long hedging positions as anticipatory hedges was also questionable. CEA was assured by Allied that the classification was correct and that the forward sales contracts in foreign and domestic markets far exceeded the reported futures positions. CEA accepted this verbal explanation without check, on the assumption that in the absence of speculative limits, accuracy was of minor significance and an incorrect classification would affect only the statistical reports which CEA publishes for distribution to the public. The Administrator stated that, "there was every reason to believe that DeAngelis' position would have qualified either as hedges against sales or as anticipatory hedges." Details - 14 covering our examination of NYPE records indicates Allied's processing facilities may have been used mostly for others. Therefore, anticipatory hedging may not have applied.

CEA's investigative file (Case No. 64-21) indicated that Allied's reports to CEA may have incorrectly or falsely stated the classification as hedging. If CEA's former policy of performing audits of traders' reports had been in effect, an audit of DeAngelis' records might have detected earlier the aforementioned investigative findings. Such findings could have served as the basic for CEA's questioning DeAngelis' mounting position and for CEA's considering action to curb this position.

CEA's monthly trade publication, "Commitments of Traders in Commodity Futures" presents the open futures position by classifications as speculative and hedging for both small and large traders. If Allied's large positions were incorrectly or falsely classified as hedges, then the reports rendered to and relied upon by the trade, brokers and exchanges were misleading to them. If Allied had classified a substantial portion of its long CSO position as speculative, CEA's monthly publication as of October 31, 1963, would have shown large speculative traders held a high percentage on the long side of the abnormally high total open contracts. This could have indicated to the traders and NYPE an impending or possible manipulation and resulted in NYPE acting to reduce this position. In addition, such classification of positions as speculative could have had the effect of causing a market decline which would have adversely affected Allied's interests.

We believe that in view of Allied's large futures positions and the abrupt change in May 1963 in its classification from speculative to hedging, CEA was remiss in not auditing Allied's classification. Further, we believe that Allied's pattern of offsetting positions in the maturing future and simultaneously moving them into the succeeding future should have indicated to CEA that these may not have been bona fide hedging positions. If Allied's long futures position had been a bona fide hedge of its fixed price forward sales, these futures positions normally would have been liquidated upon delivery under such sales contracts. If, upon audit, a substantial portion of Allied's high positions had been found to be speculative, this could have signaled that DeAngelis was attempting to conceal a possible manipulation, because during early September 1963, the Administrator indicated that the trade believed there might not be sufficient supplies for delivery against the large futures long positions. Therefore, the holders of short futures positions could be forced to settle their contracts with DeAngelis at an artificial price. To forestall such manipulation consideration could have been given to recommending the reimposition of speculative limits in oils. In order to forestall reestablishment of speculative limits in oils, the exchanges then might have acted to curb DeAngelis' positions, as did the Chicago Board of Trade in February 1963 when it ordered DeAngelis and Ralph Peters to cease and desist from maintaining large SBO positions. At that time Allied held 38.8 percent of the March SBO future and only 15.1 percent of total long SBO open contracts.

Ex-pit transactions or noncompetitive trading outside the ring or pit, when executed in accordance with the written rules of the contract market, is permitted under Section 4c of the Act and Section 1.38 of the Regulations thereunder.

Most futures contracts normally are created in the ring or pit and are settled by offset prior to delivery. DeAngelis frequently offset and simultaneously moved into a succeeding future. He also offset in his ex-pit transactions. A substantial portion of DeAngelis' positions were created through ex-pit transactions and he may have used this device for placing false warehouse receipts into the hands of his financial backers and thence into the hands of other financial institutions. These positions were reflected in the statistical reports published by CEA. CEA New York official stated to OIG that the volume of ex-pit trading might be misleading and have the effect of holding prices at a high level. Also, other traders might be influenced by these statistics and might think the price reasonable since they see a large volume of trades.

We were informed by the CEA Washington staff that they

CEA files portray their increased surveillance, expressions of concern and puzzlement as to the nature and reasons for DeAngelis' ex-pit transactions. CEA Washington on April 11, 1963, wrote to its New York office that there was not much CEA could do about the creation of new futures positions in ex-pit since it apparently conformed to NYPE rules. We found that the condition of NYPE Rule 6, requiring a complete description of the documents exchanged had not been fully complied with. In June and July 1963, CEA economists theorized DeAngelis' ex-pit trading pertained to financing. On October 7, 1963, CEA New York advised CEA Washington that they doubted that DeAngelis' ex-pit trades were a proper function in the free market. No action was taken because CEA Washington felt ex-pit trades were the responsibility of exchanges. However, CEA in 1962, was instrumental in causing a change in interpretation of NYPE Rules 6 and 22. In view of the uniqueness and the sizeable positions created in ex-pit transactions, coupled with CEA's concern and puzzlement, we believe CEA should have examined traders' records and determined whether the cash side of the ex-pit trades was fictitious. Such examination might have revealed violation of Section 4c of the Act with respect to false warehouse receipts representing the cash side passed in ex-pit trades.

Action is needed by CEA to design test check procedures for verification of information on reports by selected reporting traders.

The Administrator stated CEA will design test check procedures for verification of information on selected reporting traders reports.

Trade Practice Investigative Surveys

11. CEA has not conducted trade practice investigative surveys (TPI) during the past seven years, as frequently as they were performed during the previous four years. As a result, CEA enforcement responsibilities have not been effective with regard to such violations as cheating, defrauding customers, and noncompetitive trading. A program of more frequent TPI is needed as a preventative and punitive enforcement measure.

There was an approximate 58 percent increase in futures contracts traded during fiscal year 1964 over fiscal year 1954. In our opinion, greater trading activity creates a need for

increased supervision. Therefore, efforts should be made to conduct more rather than fewer TPI. Yet TPI have declined.

During the fiscal years 1954 through 1957, CEA initiated sixteen TPI, an average of four per year. TPI initiated during this period covered trading activities of seven different exchanges. Although no additional related investigations resulted, formal administrative action was taken on the basis of one of the TPI and informal action on the basis of six other TPI. Three formal complaints were issued against three CBT floor brokers. Two of these complaints were subsequently dismissed but the third broker was denied trading privileges on all contract markets for a seven-month period.

From fiscal year 1958 through 1964, twelve TPI were initiated, an average of 1.7 per year. These investigative surveys, also covering seven exchanges, resulted in the conduct of seven related investigations and the subsequent issuance of three formal complaints. One complaint resulted in denial of trading privileges to two brokers, one for thirty days and the other for twenty days; and suspension of their floor broker registrations for the same periods of time. The second complaint resulted in a floor broker being denied all trading privileges on all contract markets for a period of sixty days. The third complaint resulted in a floor broker being denied all trading privileges for thirty days. Moreover, during the period, five brokers and one large brokerage firm signed stipulations of compliance concerning violations of the Act. Several other brokers were informally warned to cease and desist from entering into irregular trading practices.

The necessity for more frequent TPI as a deterrent to irregular trading activities is apparent from a comparison of results obtained during the two periods. The issuance of three complaints resulted from the sixteen TPI initiated during the 1954-57 period, when an average of four were conducted per year. During the period 1958-64, when an average of 1.7 TPI were conducted per year, the twelve TPI also resulted in the issuance of three complaints and numerous other cases where other administrative action was deemed necessary. This indicates an increase in irregular trading activities, resulting in part, from the increase in total volume of trading in recent years.

As a regular procedure, the substance of phone calls

Violations uncovered by previous TPI include cheating and defrauding of customers, bucketing customers' orders, wash trading, fictitious trading, noncompetitive trading, accommodation trading, and improper recordkeeping by exchanges, futures commission merchants and brokers. Most recordkeeping violations were handled by conferences between CEA officials and the involved brokers and officials of futures commission merchants and the exchanges.

CEA officials recognize that CEA had not conducted an adequate number of TPI in recent years. They stated that a heavy workload of other investigations had annually exhausted available funds and manpower and had precluded CEA from maintaining an effective program of TPI.

The Administrator has regularly commented during budget hearings on the importance of TPI. On these occasions, he described TPI as "an effective means of disclosing and discouraging abusive floor trading practices such as wash sales, bucketing, noncompetitive trading, and cheating and defrauding commodity customers." Also, "These investigations, the agency believes, are its best approach to the problem of policing trade practices...."

The record of the 1965 budget hearings disclosed that CEA had requested an additional $26,000 for conducting additional TPI. The Administrator stated that, "For a number of years it has been necessary to conduct these investigations on a highly selective basis due to limited funds and personnel. Such investigations are needed and are long overdue in many commodities."

TPI need to be conducted frequently and on a surprise basis, and should periodically cover all regulated commodities traded and all exchanges which currently handle trading. TPI of the more active commodities and exchanges should be conducted on a more frequent basis. CEA should continue to expand its budget proposals and requests to adequately provide for necessary funds and manpower. Then, CEA should establish an extensive, efficient and effective program of TPI based on a comprehensive review of the desired frequency and required coverage.

The Administrator stated CEA intends to make more frequent trade practice investigations and to increase its efforts in this area as soon as personnel and funds are available.

Penalties Against Violators

12. CEA has not sufficiently utilized the enforcement provisions of the Act. As a result no penalties have been enacted against some violators. We believe that CEA's enforcement role would be strengthened by taking some type of administrative or criminal action against offenders in all cases of provable substantive violations. All offenders should at least receive a warning letter or in the case of oral discussions with offenders such discussion should be confirmed to the offenders in writing.

Two investigations (Case Nos. 61-13 and 61-22) in 1961 disclosed that two brokers of Louis N. Ritten and Co. (Ritten & Co.), Minneapolis, Minnesota, and one broker of a second firm had engaged in futures transactions which resulted in bucketing of customers' orders, accommodation trading and noncompetitive trading. Although the evidence developed was described by CEA as "incontrovertible" regarding a number of the violations, no penalties were enacted against the three brokers or the firms involved. Instead, the president of Ritten & Co. was informally advised of the irregular practices. He gave verbal assurance to CEA that he would prevent a recurrence of such practices in the future. CEA took no action against the third broker for his violations of the Act. The Ritten & Co. president, who had given assurance of his firm's compliance with the Act, was named in a complaint issued by CEA in 1964, for bucketing customers' orders and fictitious, noncompetitive and wash trading (Case No. 64-33). These violations occurred in 1962 and 1963 and were practically the same as those involved in the 1961 investigation. The 1964 complaint against Ritten & Co., its president and another broker of the firm resulted in suspensions and denials of trading privileges.

The investigation files do not contain the reasons for the nonissuance of a complaint by CEA concerning the 1961 violations. In 1963, GAO questioned why no punitive action was taken in this matter. CEA replied that no action was taken in the 1961 Ritten case because CEA felt that the noncompetitive trading was not being done with the approval of the senior member of the firm, and that if it were brought to his attention, he would take immediate steps to stop it. When CEA did bring the matter to the president's attention in October 1961, he gave his assurance that he would prevent a recurrence. CEA added that since then they had had no indication of any further noncompetitive trading by members of that firm, and therefore, CEA felt that the informal action in that case served their purpose "quite adequately."

At the time of CEA's reply to GAO (May 1963), the president of Ritten & Co., who had given his assurance of future compliance with the Act had himself, during late 1962, been involved in several instances of noncompetitive trading on the Minneapolis Grain Exchange and was subsequently charged therefor by CEA in 1964.

Investigation in 1963 (Case No. 63-38) disclosed that DeAngelis was guilty of wash trading on the CBT. DeAngelis' trading activities had been under CEA surveillance for some time prior to this incident. Numerous complaints made to CEA referred to irregular trades made by DeAngelis and several investigations had been conducted of allegations made against him. Although CEA at long last could prove the violation of wash trading by DeAngelis, it took no action when the opportunity arose.

CEA stated that no action was taken because the CBT had suspended DeAngelis for thirty days for the same violation, and because it was a minor violation involving an act which could have been legally done by ex-pit transactions. However, the fact remains that DeAngelis did not use the legal ex-pit method to complete the transaction. He used the illegal wash trade method--a violation clearly spelled out in Section 4c of the Act. When interviewed by representatives of CEA and CBT, DeAngelis gave three different reasons as to why the wash trades were made in the pit.

CEA took no action regarding violations of Ritten & Co. in 1961. Less than a year and a half later the same firm was found to be involved in similar violations. CEA, likewise, took no action regarding wash trading by DeAngelis in January 1963 and he continued his large operations in futures trading financed to a great extent by fictitious warehouse receipts until his final collapse and bankruptcy. There were also indications during the Allied bankruptcy hearings involving DeAngelis that fictitious warehouse receipts had been issued over a considerable period of time prior to bankruptcy. Administrative action by CEA could have resulted in denial of trading privileges to DeAngelis and Allied, and in the liquidation of their open positions for a period of time. Such action might possibly have disclosed, at an earlier date, the existence of fictitious warehouse receipts, because some of the futures commission merchants financing his futures activities might have recalled their loans while liquidating his positions, thereby requiring the surrender of collateral and subsequent sale of the oil

represented thereby. For the period of suspension, CEA could have been afforded the opportunity to observe the trend of the futures market, devoid of DeAngelis' influence.

Due to mitigating circumstances, we believe that leniency may be afforded in some cases; however, when evidence of a substantive violation is obtained, the violators should, as a minimum measure, receive a warning letter or a letter confirming any oral discussion. We believe this action would be a deterrent to violators in the future.

The Administrator agrees that CEA will take some remedial action in all cases of proven substantive violations.

Referral of Violations to the Department of Justice

13. CEA did not refer through the Office of the General Counsel (OGC) all violations of the criminal provisions of the Act to the Department of Justice (USDJ) for the latter's consideration for prosecution, even though USDJ had not authorized CEA to screen cases. As a result some violations of the Act received no prosecutive attention by USDJ. Officials of CEA advised they were aware that CEA did not have screening authority, but believed, based on past experience, that USDJ would not be interested in minor or technical violations. Action is needed to properly channel through OGC to the USDJ for prosecutive consideration all violations of the criminal provisions of the Act. On administrative complaint actions or criminal violations submitted to it for consideration, OGC waits for recommendations from CEA before outlining and pointing up any legal or other problems for referral to USDJ. Screening authority was taken away from the Department of Agriculture by USDJ in May 1952.

CEA's screening of violations of the Act from the USDJ should be reconsidered. While the language of the Act may afford the Secretary of Agriculture some discretion as to which, if any, administrative remedies may be used, there is no authority for CEA to screen criminal violations. In a case previously discussed (Case No. 61-13) investigation in 1961 disclosed numerous violations of the Act by two brokers of Louis H. Ritten & Co., Minneapolis, Minnesota. CEA took no formal action against any of the violators except to inform the president of Ritten & Co. He verbally assured CEA that he would prevent future violations. These violations were not referred to the USDJ even though the evidence developed was described by CEA as "incontrovertible."

In a subsequent investigation (Case No. 64-33) also previously discussed, the president of Ritten & Co. was named in a complaint as respondent for similar type violations which were occurring at about the same time that he assured CEA of future compliance. While this case was referred to OGC, CEA recommended against prosecution.

In another case, the only proven violation of the Act by DeAngelis concerning wash trading was not referred to the USDJ for consideration.

CEA's most recent investigation report on Allied was submitted to USDJ; however, the report was limited to possible manipulation and cornering and did not include information developed on possible false reporting by DeAngelis, or possible recordkeeping violations.

If CEA presented all violations of the Act to USDJ, such situations as the above may be prevented. It is our opinion that such action would tend to have a salutary effect, since criminal prosecution may connote a more serious offense than an administrative action.

All violations of the criminal provisions of the Act should be properly channeled to USDJ for prosecutive consideration.

The Administrator stated CEA will ask OGC how their procedures are not meeting USDJ requirements and will bring them in line.

Examination of Contract Markets' Records

14. CEA has not made regular reviews of the files and records kept by contract markets. Absence of such regular review restricts CEA's determining if contract markets have been carrying out their responsibilities under the Act. Through a review of records and minutes, such violations as may be documented by the exchanges would come to CEA's attention in order that CEA might take appropriate action as necessary and assure they are referred to the Department of Justice. A regular review by CEA of contract markets' files and records would lead to a determination of whether exchanges comply with and carry out the conditions and responsibilities outlined in Sections 5 and 5a of the Act.

Under the Act and Departmental Regulations, CEA has been delegated the task of determining that contract markets carry out their responsibilities. Section 5 of the Act

covers the licensing requirements and the enforcement responsibilities of exchanges. Included among the responsibilities are the prevention of dissemination by the board or any member thereof of false or misleading or knowingly inaccurate reports concerning crop or market information, and the prevention of manipulation of prices and the cornering of any commodity. Section 5a of the Act and Section 1.41 of the Regulations provide that each contract market shall furnish to CEA copies of its bylaws, rules, regulations, and resolutions and all changes and proposed changes therein. In addition, each contract market shall allow inspection by any authorized representative of the Department or the USDJ, of the books, records, and all minutes and journals of proceedings of such contract market, its governing board and all committees and of all its subsidiaries and affiliates.

CEA does not audit or otherwise regularly review or examine exchange records. Vital to the operation of contract markets are such records as minutes of boards of directors and business conduct meetings, records of proceedings of floor practices committees, case files of investigations and complaints, etc. The General Accounting Office (GAO) in its memorandum to CEA of April 11, 1963, also noted that CEA does not regularly examine exchange records. In reply to GAO's findings, CEA stated that routine examination of all exchange records would result in decreasing the enforcement zeal of the exchanges, and eliminate their self-policing activities; that while some exchanges would welcome the opportunity of transferring their policing responsibility to CEA, such a move would increase CEA expenses and seriously reduce the effectiveness of the overall regulation of futures trading by CEA.

The basis for the aforementioned reply cannot be substantiated, since CEA has never regularly examined exchange records. We believe that a regular examination of contract markets' records would have the opposite effect. The purpose of a regular examination of an exchanges' records by CEA would be to determine whether contract markets were fulfilling conditions of their designation by preventing irregularities, including manipulation, cornering and dissemination of false market information. Rather than transferring policing responsibilities to CEA, this would impress on the exchanges a need for strong enforcement by them. In instances where violations of the Act had been handled through exchange procedures, CEA should review the adequacy of the action taken by the exchange.

With respect to exchanges furnishing records to CEA, no information was found in CEA Washington files nor did CEA Washington officials know that the CBT had imposed super-margins effective February 15, 1963, on positions in excess of 1,000 contracts in SBO and soybean meal. Section 5a(1) and 1.41 of the Act and Regulations require contract markets to furnish copies of such information to CEA Washington. Examination of exchange records would have revealed such information.

Our examination of MPPE records disclosed that Allied had an agreement with Bunge, wherein Allied would process for Bunge up to twenty cars of oil per day upon 24 hours written notice, at five percent above cost. If CEA had examined exchange records they would have learned this and it might have led CEA to suspect that most of Allied's processing was done for others. Therefore, Allied could not have claimed all its anticipated requirements for processing as hedging.

The CBT has a regulatory unit which reviews complaints involving trading, and committees which provide penalties for violations of its rules and the Act. It has been CEA's policy, if aware of a violation, not to take action if the exchange acts. CEA believes that to do so would completely "dry up" exchange policing. CEA does not refer to USDA violations resulting in penalty actions by the exchange against members for violations of the Act. Examination of exchange records would keep the exchange on notice to provide effective enforcement on a just and equitable basis without special favor or influence.

Because CEA did not examine exchange records in past years, the exchanges had the impression that their records were not subject to review. In connection with OIG's examining the CBT records dealing with the DeAngelis matter, CBT at first denied OIG auditors access to all records, including minutes of meetings of the Board of Directors, which they claimed contained much information not pertinent to the Act. CBT refused to answer the majority of questions posed by OIG concerning DeAngelis. After much delay, abusive language and discussion, CBT agreed to make available certain records and to read the minutes to OIG. CBT instructed that the reading be limited to those items which concerned operations under the Act. Under these conditions, the auditors had no way of knowing whether all pertinent items were read to them. CBT claimed that any information in the minutes of interest to CEA had previously been furnished to CEA. CBT further

stated that if their records were to be subjected to review by CEA or OIG, then they would see that there was even less information placed in the records in the future than now appeared therein.

In view of the established practice by CEA of not examining records, examination of exchange records would need to be developed with considerable tact. Before implementing a change in policy, advance notice of the reasons and purpose for the policy change in examining records would need to be fully explained to the exchanges.

The Administrator advised that steps are currently being taken to put the new policy of examining exchange records into effect.

Cooperation with Exchanges

15. Although CEA and the exchanges have the responsibility to prevent violations of the Act, neither usually communicated on a regular basis with the other regarding complaints and suspicions of violations. While there were some exceptions, there was no referral, particularly on the part of CBT, the largest market. Field employees of CEA stated there was no free exchange of information between CEA and exchanges in the sense that information was volunteered. Improved day by day liaison and cooperation between CEA and the exchanges is needed for developing an intimate understanding of the respective responsibilities of each under the Act and to assist each other in preventing violations of the Act.

If complaints were received by CEA alleging violations of exchange rules but not alleging violations of the Act, CEA would suggest to the complainant that he take the matter to the exchange. CEA would not bother to inform the exchange of the violation of their rules. This procedure was based on the fact that CEA was not interested in violations of exchange rules not related to the Act.

Officials of both the NYFE and the CBT complained of a lack of communications with CEA. They felt only CEA had full knowledge of traders' positions and should have informed them of the extent of Allied's positions. In this connection the former Chief of CBT Office of Investigation and Audits (OIA) advised that in his OIA capacity he had several times asked the CEA Chicago field supervisor to let him know, without exceeding his authority, of areas to investigate. Also, that

he never asked for confidential data or records to be furnished, but just that lines of communication should be kept open.

The NYFE felt CEA should have disclosed DeAngelis' excessive position in the futures markets long before CEA did. Such information, one or two months before November 13, 1963, concerning the rate at which DeAngelis was building up future contracts in New York and Chicago could have caused NYFE to take some preventative action, such as forcing DeAngelis to reduce his position. CEA's interpretation of the Act was that it did not authorize them to reveal information concerning one market to another market under any circumstances. A subsequent OGC opinion at the request of OIG indicated that this would have been permissible.

There was no evidence of written communications between the exchanges and CEA with regard to Allied's activities, other than the transmittal of general statistical information. Exchange records showed there were informal contacts by the CEA Chicago supervisor who did appear before the Business Conduct Committee (BCC) of CBT. Subjects discussed or data transmitted relating to DeAngelis consisted of statistics, expressions of concern, and rumors as to what could happen, usually without identifying DeAngelis by name.

CEA has no authority under the Act to attend exchange meetings. By invitation of CBT, the CEA Exchange Supervisor, Chicago, attended meetings of the BCC primarily to furnish statistical data. The supervisor, after furnishing the statistical information on the maturing future, customarily left the meeting when he was excused by the chairman.

CEA on January 31, 1963, contacted CBT and suggested that CBT look at the trading in SBO futures of January 30. This information resulted in DeAngelis' suspension from CBT for engaging in "wash" trades. Other than this communication, no other evidence was noted that during 1963, CEA gave information to CBT, or tried to get the exchange to curb the activities of DeAngelis.

The following are examples of how cooperative action by CEA and exchanges can provide for the prevention of possible violations.

During the liquidation of the July 1962 CSO future, CEA's representative contacted the NYFE as to whether there was a sufficient supply of deliverable CSO to liquidate the futures contracts on an orderly basis. CEA files show the NYFE assisted in the orderly liquidation of the July 1962 CSO future.

About three months prior to the liquidation of the May 1964 wheat futures, CEA alerted the CBT that the liquidation might be troublesome because of the high open positions as compared to the small deliverable supply of wheat in the Chicago area. On May 14, 1964, CEA offered and gave the names and positions of the larger traders to CBT. Joint action by CEA and CBT contributed to an orderly liquidation.

Cooperative action for preventing violations and enforcing the Act and exchange rules should be broadened in areas such as: noncompetitive trading; omnibus accounts; deliverable supplies; ex-pit trading; controlled accounts; collateral in trust funds; classification of positions; amendments to exchange rules and Act and Regulations; margins; complaints; violations of exchange rules; and sanctions imposed by exchanges.

In our opinion, exchange rules, whether related to the Act directly or indirectly, are usually essential to orderly and proper operation of the market. We believe an attempt by CEA to disassociate itself from any interest in these is a short sighted policy. Further, violators of exchange rules may soon also become violators of the Act. For example, CEA New York advised CEA Washington that they doubted that DeAngelis' ex-pit trades were a proper function in the free market. CEA took no action because CEA Washington felt ex-pit trades were the responsibility of the exchanges. CEA's earlier follow-up of Allied's unique ex-pit trades, wherein a substantial portion of futures positions were acquired and wherein false warehouse receipts may have passed, could have found that the condition of NYPE Rule 6, requiring a complete description of documents exchanged such as warehouse receipts was not fully complied with. Prompt follow-up of this omission might have led to the uncovering of a violation of NYPE Rule 22 requiring that actual physical CSO be exchanged during the delivery period. Such violations of the exchange rules could have resulted in violations of the Act.

Another example involved the complaint of the Ira Haupt partners alleging that some members of the exchange by inside knowledge, raising margins and short selling for the purpose of depressing prices had, in effect, caused Allied's bankruptcy. CEA stated they would not be concerned under the Act with these allegations and stated they believed the exchanges should police themselves and injured members could bring action against an exchange. OGC expressed the opinion that CEA had authority under the Act to look into the matter. OGC believed that CEA would want to consider

many factors including the reasonableness of the margin limits and considerations given to setting those limits. Although establishing margins is the responsibility of the exchange under its rules, we believe that CEA cannot completely divorce itself from interest in actions taken by the exchanges under the rules, which may lead to a violation of the Act.

Cooperation in the broadened areas may have to be accomplished over a long period of time. CEA, under the direction, guidance, and support of the Secretary, as mentioned in Details-1, should effect measures to assure that closer cooperation between the exchanges and CEA is established. Initially, a memorandum of understanding may be sought to clarify the operational areas of responsibility under the Act.

We considered the use of an advisory committee, which would include members or representatives of the contract markets and the public, to consider differences and work out mechanics for improving cooperation. However, in our discussion with CEA officials, they indicated that because of the nature of futures trading, the field of persons knowledgeable in this area is limited. The few knowledgeable persons outside the Department and the contract markets, such as educators, are usually, through grants or other forms of subsidy, closely associated with or directly influenced by the exchanges. Therefore, it would be difficult to form a committee outside the influence of the exchanges. In effect, meetings of such a committee would be a meeting between the exchanges and CEA. Further, CEA confers with exchanges to obtain their views on matters such as proposed changes in regulations or other controversial matters. Since CEA believes that an advisory committee would not be effective, no recommendation was made.

The Administrator stated that during the early days of market regulation under the Act, the exchanges were very antagonistic towards the CEA. By administering the Act fairly and impartially, CEA has, they believe, been able to eliminate much of this antagonism. CEA has worked closely with the exchanges and firmly believes that the liaison and cooperation with them at the present time is excellent, and is entirely adequate for enforcement of the Act. The Administrator stated that CEA is constantly trying to improve these relationships.

Lack of Documentation

16. Although the records available at CEA contained information of much assistance to our audit, CEA employees did not document for the record, in all instances, significant contacts with the trade through meetings or telephonic communications, as well as important internal analyses and reasons for decisions in the areas of trading and investigations. Documentation appeared to be done in a haphazard manner at all levels. Sometimes documentation was located after considerable search of files; at other times, none. The filing system and related methods of locating files were considered to be inadequate. The format and style of investigative reports was not adequate and was not used for finalizing action taken on all investigative cases. CEA did not maintain a register of all complaints received. As a matter of good practice and regular procedure, CEA should document significant contacts with persons outside CEA, regardless of whether such contacts are on a formal or informal basis. Important decisions on operating matters should be documented to the extent necessary to record actions taken or reasons for inaction, especially in the areas of trading analyses and investigations and, appropriately, such decisions should be communicated to CEA field personnel concerned. The filing system needs to be improved to incorporate proper filing techniques which would provide for ready location of all material related to a particular matter or case. The investigation case files need to be maintained in an orderly manner. The investigative report format should be revised to show in logical sequence, (1) the predication of the investigation; (2) the results of investigation or analyses; and (3) actions taken or, if no actions taken, the reasons for terminating the investigation without action.

CEA field analysts submitted memoranda reports on market evaluations to CEA Washington. The latter did not always agree with the evaluations. We were informed that quite often there were memoranda replies setting forth the reasons for disagreement and that some disagreements were handled by phone calls and were not documented. In this connection, CEA field analysts reported to CEA Washington that large trades of DeAngelis and related firms were made which did not affect price. We found that, if CEA Washington disagreed with the analysis or felt the case did not warrant investigation, no formal reply was made to the field; in most instances, CEA Washington merely refrained from taking action.

We were informed by the CEA Washington staff that they maintained a constant day to day oral communication with the field office personnel on their interpretation of daily market surveillance. A CEA Washington official informed us that no formal record of their decisions based on their feel of the markets was prepared or retained; that CEA did not need a formal elaborate system to report their findings to the Administrator.

CEA files contained no evidence of written communications concerning DeAngelis with CBT other than the transmittal of statistical information. Exchange records showed there were informal contacts by CEA Chicago supervisor before the BBC of CBT. The subjects discussed or data transmitted relating to DeAngelis consisted of statistics, expressions of concern, and rumors as to what could happen. CEA Chicago, pursuant to the request of the Administrator in January 1964, prepared and submitted a detail of recorded or remembered contacts during 1963 between CEA and the CBT. On May 1, 1963, the CEA Chicago supervisor attended a meeting of BCC and presented statistics on the May future. He recalled, although he had no written record, that he continued to meet with the Chief, Office of Investigation and Audit of the CBT, to report unusual SBO trades involving DeAngelis.

The Administrator wrote, in a memorandum to an Assistant to the Secretary on December 9, 1963, that he and the supervisor of the Chicago CEA Field Office had met with the Chairmen of the Board of Directors and the president of the CBT on September 17, 1963. On the same date they met with the Manager of the CBT Clearing House, who at that time was the Acting Director of the CBT Office of Investigations and Audits. While the meetings were not for the specific purpose of discussing Allied, both the Administrator and the supervisor expressed their concern about Allied's operations and were assured by the exchange representatives that they were watching the situation. We found no documentation of these meetings. Also, the Administrator wrote in his memorandum of November 26, 1963, to the Assistant Secretary that he spoke to the president, CBT, by phone about the SBO market on November 18, 1963. At the president's request, detailed information was made available to CBT on Allied's holdings in the SBO futures market. The files contained no documentation regarding this phone call.

The Administrator further wrote that he had discussed the situation with the Assistant Secretary and Under Secretary of Agriculture on November 19, 1963. Shortly after that meeting, the Administrator received news that Allied had on that day filed a petition in bankruptcy. We found no documentation in CEA files on the details of the meeting of November 19, 1963. One of the shortcomings that was brought out in the investigation of the Billie Sol Estes episode was that almost all of the meetings and conferences involved in that case were recorded only in the memory of those who attended. It later became impossible to produce records that should have been made, but were not.

The review of the CEA investigative files concerning DeAngelis disclosed that the material was in a state of confusion. Documents were missing from the files and could not be located. Several case files were combined loosely. Case material was not filed in the folder in logical or chronological order. In some instances, information and decisions were not documented. Because of the latter in our reconstructing the activities concerning DeAngelis, it was necessary in many instances to rely on the memory of CEA officials. Also, it was not possible to determine, in some cases, whether the investigations had been pursued to a conclusion, and whether all logical leads had been covered during the course of the investigation. A report had not been prepared to summarize actions taken and conclusions reached as normal for investigative agencies, unless the case had terminated with formal administrative action or legal action to be taken.

The files of Investigation Case No. 64-19 contained memoranda from CEA Washington to the CEA field office requesting information. Replies were not found in the case file.

The investigation files did not show the origin and reasons for various decisions made. For example, in Investigation Case No. 61-13, violations were proven but no action was taken against the violators. The files did not indicate who made this decision or why.

Numerous investigation case files did not indicate whether the case was open or closed and, if closed, the basis for closing the case and the date the case was closed.

As a regular procedure, the substance of phone calls, meetings and decisions in significant matters need to be documented, to the extent necessary, to record actions taken or reasons for inaction. Good practice dictates that there should be an adequate record made of official dealings on significant program matters with persons outside of CEA. As a minimum, the record should contain the subject matter of the meeting or contact, date and names of participants, and any determinations or assurances of action to be taken, resulting therefrom.

CEA did not maintain a register to show all complaints and allegations of violations. CEA had a card index that showed only complaints investigated. Most investigative offices have a complaint register which shows all complaints and alleged violations received and their disposition.

A register of all complaints and other allegations of violations coupled with a card file, cross-indexing names of individuals and firms involved, would afford the Compliance Division a system for ready reference or a source of information which would:

(1) serve as a permanent record and index to previous complaints or allegations whether or not they were investigated;

(2) provide current information as to matters under investigation; backlog of uninvestigated matters; and the disposition of matters handled or the reason for no action being taken;

(3) be valuable to succeeding Compliance Division employees in assisting them to assess such things as the priority to be assigned a complaint; the importance or validity thereof; the sanctions to be recommended; or whether an investigation might be warranted; and

(4) be useful for developing information on budgetary and workload planning.

The Administrator stated CEA is taking steps to (1) improve the documentation of meetings and other outside contacts; (2) include complaints which do not result in formal investigation in a record; and (3) improve the filing system and reporting techniques.

ADMINISTRATIVE POLICIES

Manpower Needs

17. CEA is not able to provide the necessary coverage for its enforcement functions due to an increased workload and insufficient personnel. Sufficient funds should be requested to provide the necessary manpower.

During fiscal year 1954, 3,813,635 contracts were traded in all commodities on all contract markets. The total contracts traded during fiscal year 1964 was 6,029,654, which represented an increase of 58 percent over the 1954 total.

In addition to the increase in the volume of trading, delivery notices received and processed increased 175 percent; the number of trader reports received increased 32 percent; the number of customer accounts audited increased seven per cent; items had been added to the audit program which increased the time to perform audits; and plans had been made to increase the frequency of trade practice investigations and market-wide surveys. A reduction of 21 percent occurred in the number of FCM reports received.

From fiscal year 1956 (the earliest year for which statistics were available) through June 30, 1964, the total number of employees decreased from 125 to 120. A breakdown of CEA employees by categories as of June 30, 1964, follows:

Category	Number of Employees
Administrator's Staff	3
Division Directors	3
Exchange Supervisors	5
Agricultural Marketing Specialists (Regulatory)	5
Economists	5
Investigators	8
Auditors	15
Administrative	17
Statistical	28
Stenographic and Clerical	31
Total	120

CEA has a total position authorization of 123 employees for fiscal year 1965.

The Administrator, on January 2, 1964, stated that CEA's present staffing was inadequate; that CEA had fallen behind in market-wide position survey work, trade practice investigative surveys and also slightly behind in audits. Other CEA supervisors at all levels of the organization concurred that CEA's staffing was inadequate. The conditions were generally stated that, (1) CEA was understaffed for performing investigations, audits and trading analyses; (2) workload had increased steadily; (3) vacancies could not be promptly filled; and (4) the budget policy prevented obtaining the required number of employees.

The main reason for the decrease in the number of personnel was basically CEA's low operating budget. During the Budget Hearings before the Senate Subcommittee on Agricultural Appropriations for the fiscal year 1960, Mr. Roger H. Kaufman, then Administrator, testified that they had had to reduce the number of employees each year since fiscal year 1957 in order to stay within the budget and that in fiscal year 1960 CEA would have to find ways to pick up $16,000 to meet within-grade pay raises. This policy prevailed until fiscal year 1964.

A change was made in the request for the fiscal year 1965 budget when funds for six additional employees were requested. The Bureau of the Budget reduced this to four additional employees. For fiscal year 1966, CEA is requesting ten additional employees.

As mentioned previously in Detail - 1, "Enforcement Policy of CEA," the resultant effects of CEA's operating with insufficient manpower has been that CEA's policy (not necessarily in writing) has been, (1) to conduct investigations on a highly selective basis; (2) to suspend, since World War II regular audits of traders' records; (3) to reduce drastically the number of trade practice investigative surveys; and (4) to defer market-wide surveys.

CEA is understaffed to the extent that necessary functions cannot be performed. CEA should emphasize a policy of seeking increased funds for increased manpower to enable it to carry out its regulatory role.

The Administrator stated CEA will continue its efforts to obtain funds and personnel with the ability to experience required to perform the regulatory work under the Act.

Training Program Needed to Assist in Filling Supervisory Positions

18. CEA has supervisory positions in seventeen units at different levels which were examined for grade level gaps of more than one grade between the supervisor and the next lower grade employee. Ten of these units had gaps of one or more grade levels, some of which had existed for considerable periods of time. Two section chief positions were being filled by acting chiefs because of a lack of qualified employees. Since 1954 there has been three other similar cases where two of the section chief vacancies were not filled for a period of three years.

From our review, we believe that lack of meaningful training programs geared to the filling of supervisory level positions contributed in some measure to grade gaps. CEA has provided, to selected personnel below grade GS-13, fifty-five training courses using school facilities outside the Government. However, only two of these courses were in the management or supervisory field. Moreover, our analysis of subjects covered in the formal on-the-job training using Government facilities disclosed there were no subjects connected with management or supervision. We believe CEA should stress training and career development of employees in management and supervisory areas so that employees at each level of management and operations can be adequately prepared to effectively perform their duties and prepare for eventual promotion to more responsible positions.

The Administrator stated CEA will continue to stress training and career development of employees in management and supervisory areas so that employees may be trained for promotion to more responsible positions.

Procedures Manuals

19. Except for an accounting procedures manual, CEA has not issued division procedure manuals on operations which would provide field offices with formal and uniform guidelines to follow in conducting their operations. Therefore, central technical direction is not provided by formal procedures manuals. Such manuals would provide field offices with readily available references of procedures, uniformity in the handling of cases, and serve as a basis for supervision and training. Division directors should provide the necessary formal procedure manuals for the field offices.

The CEA Compliance Division does not have procedure manuals or written general instructions to be used in conducting investigations. The CEA Chicago and New York Offices had issued certain instructions to meet office need but did not have a divisional procedure manual. We believe significant deficiencies noted by us possibly could have been avoided if procedures manuals had been in existence and used. Good management requires written instructions particularly when an organization has both a headquarters office and field offices.

Technical procedures manuals should be provided for all levels of operations.

The Administrator stated that he does not feel that CEA's policy regarding technical procedures manuals should be changed. His reasons are as follows: The Trading Division does not have a consolidated manual covering all divisional activities, but it does have individual manuals covering all of the important activities of the various field offices, including report processing, machine data processing, and code system operation. CEA does not have a manual for the Compliance Division and they do not feel that the work of this division lends itself to this procedure. CEA encourages its field investigators to use their initiative in all of its investigational activities and they firmly believe that the establishment of rigid guidelines for investigational work would seriously stifle the initiative of its field investigative staff.

7/20/65

/S/ LESTER P. CONDON
Inspector General

EXHIBIT 1

HISTORY OF SPECULATIVE LIMITS IN OILS

Speculative trading limits were established January 16, 1953, by order after due notice and hearings with the trade, in cottonseed oil, soybean oil and lard. The limits were to be effective April 1, 1953 and were 3,600,000 pounds for cottonseed oil (60 contract units); 3,000,000 pounds for soybean oil (50 contract units); and 1,600,000 pounds for lard (40 contract units).

The Administrator had proposed establishment of limits on May 15, 1952, for the reasons that, (1) the dollar value of futures trading in the commodities was larger than for any other commodity under the Act with respect to which speculative limits had not been established; (2) there were indications of a substantial concentration of speculative interest in the commodities among a relatively small number of traders; and (3) price changes had been wide over the past two or three years and the volume of trading and speculation in the two oils had increased markedly.

Shortly before the order became effective there were objections to the order, particularly by the lard industry. After the order went into effect, additional hearings were held in 1953. The order was amended January 22, 1954, at which time the amended order was placed in abeyance, subject to reinstatement by the Commodity Exchange Commission on thirty days notice.

In a letter dated December 16, 1955, to the Intergovernmental Relations Subcommittee, Committee on Government Operations, House of Representatives, CEA gave the following explanation for the Amendment to the order.

> "Speculative limits for fats and oils. After public hearings in the summer of 1952 at which all interested parties had an opportunity to testify, the Commodity Exchange Commission established speculative limits for cottonseed oil, soybean oil, and lard, effective April 1, 1953.
>
> "The amounts of these speculative limits were based upon average levels of open contracts and analyses of speculative trading in the post-World War II period when demand for fats and oils was strong, and large and active futures markets in these commodities were considered a normal development. By the time of the effective date of the orders, open contracts and speculative activity had shrunk to a command tendency, and supply and demand conditions had changed.

"The Commodity Exchange Authority recommended to the Commission that further consideration be given to the orders in view of the changed situation and certain technical problems peculiar to the hedging use of the fats and oils markets and to inventory accounting and management in the fats and oils industries. Further hearings were held before the Commission in May and July 1953.

"Following these hearings the CEA recommended that the amounts previously fixed be retained as proper levels for speculative limits under normal conditions, but that they be held in abeyance in view of the then-existing unusual supply and demand situation and the reduction in futures contracts below the levels regarded as normal at the time the limits were first considered.

"The CEA also recommended to the Commission that the orders be amended to exempt bona fide cross-hedging in the three commodities by dealers, merchandisers, and processors of edible fats and oils. A further amendment was recommended to provide for the inclusion of the land yield of hogs owned or purchased in determining the hedgeable interest of packers and processors.

"The Commission, by orders of January 22, 1954, confirmed the amounts previously established as proper levels for speculative limits in fats and oils. The Commission adopted the recommendation of the Commodity Exchange Authority to suspend the limits, with provision for their reinstatement on 30 days' notice, and also the recommended amendments to meet the unusual hedging problems of the fats and oils industries."

restraint of trade, granting for the sake of argument that he can

EXHIBIT 2

ABBREVIATIONS

Act	Commodity Exchange Act
Administrator	Administrator, Commodity Exchange Authority
Allied	Allied Crude Vegetable Oil Refining Corporation
BCC	Business Conduct Committee of the Chicago Board of Trade
CBT	Chicago Board of Trade
CEA	Commodity Exchange Authority
CNS	Commodity News Service
Comenzo and Co.	D. R. Comenzo and Co., Inc.
CSO	Cottonseed Oil
DeAngelis	Anthony DeAngelis
Department	United States Department of Agriculture
FCM	Futures Commission Merchants
GAO	United States General Accounting Office
GSA	General Services Administration
OGC	Office of the General Counsel, USDA
OIA	Office of Investigations and Audit of the CBT
OIG	Office of the Inspector General, USDA
OPM	Organization and Procedures Manual
NYPE	New York Produce Exchange
NYSE	New York Stock Exchange
SBO	Soybean Oil
Secretary	Secretary of Agriculture
TPI	Trade Practice Investigations
USDJ	United States Department of Justice

EXHIBIT 3

DEFINITIONS

Act 1/ - Refers to the Commodity Exchange Act approved September 21, 1922 (42 Stat. 998), as amended June 15, 1936 (49 Stat. 1491; 7 U.S.C. 1-17a), and other legislation supplementary thereto and amendatory thereof.

Bona Fide Hedge 2/ - Means the sale of any commodity for future delivery on or subject to the rules of any board of trade to the extent that such sales are offset in quantity by the ownership or purchase of the same cash commodity; or conversely the purchase of any commodity for future delivery on or subject to the rules of any board of trade to the extent that such purchases are offset by sales of the same cash commodity. The amount of any commodity which may be hedged by any person is to include:

(A) The amount of such commodity such person is raising, or in good faith intends or expects to raise, within the next twelve months, on land (in the United States or its Territories) which such person owns or leases; or

(B) The amount of such commodity the sale of which for future delivery would be a reasonable hedge against the products or by-products of such commodity owned or purchased by such person; or the purchase of which for future delivery would be a reasonable hedge against the sale of any product of such commodity by such person; or

(C) The amount of such commodity the purchase of which for future delivery shall not exceed such person's unfilled anticipated requirements for processing or manufacturing during a specified operating period not in excess of one year: Provided, that such purchase is made and liquidated in an orderly manner and in accordance with sound commercial practice in conformity with such regulations as the Secretary of Agriculture may prescribe.

Board of Trade 2/ - Includes and means any exchange or association whether incorporated or unincorporated, of persons who shall be engaged in the business of buying or selling any commodity or receiving the same for sale on consignment.

Broker 3/ - An agent entrusted with the execution of an order; he may be the commission house that carries the account or a floor (pit) broker who actually executes the order on the floor for the commission house.

Bucketing 4/ - A method of doing business wherein orders of customers for the purchase or sale of commodities for future delivery, instead of being executed by bona fide purchases and sales with other traders, are simply matched and offset in the soliciting firm's own office and the firm itself takes the opposite side of customer's orders.

Cash Commodity 3/ - Originally referred to a commodity on the spot, ready for delivery; now used to also include a commodity bought or sold "to arrive" or to be delivered at a later date.

Commodity 2/ - Means wheat, cotton, rice, corn, oats, barley, rye, flaxseed, grain sorghums, mill feeds, butter, eggs, onions, solanum tuberosum (Irish potatoes), wool, wool tops, fats and oils (including lard, tallow, cottonseed oil, peanut oil, soybean oil, and all other fats and oils), cottonseed meal, cottonseed, peanuts, soybeans, and soybean meal.

Commodity Exchange 5/ - Includes and means any exchange or association whether incorporated or unincorporated, of persons who shall be engaged in the business of buying or selling any commodity or receiving the same for sale on consignment.

Contract Market 1/ - Means a board of trade designated by the Secretary of Agriculture as a contract market under the Commodity Exchange Act.

Controlled Account 1/ - An account shall be deemed to be controlled by a person if such person, by power of attorney or otherwise, actually directs trading for such account.

Corner 5/ - As applied to a futures market, is an abbreviation of the more comprehensive expression of "cornering the shorts." The shorts have contracted to deliver the cash commodity during a specified month, and if the cornerer acquires such control over the shorts trading in the futures market that he is able to and does compel the shorts to settle their contracts with him at a manipulated price, a corner results.

Deliverable Supplies 3/ - The stocks of a commodity which have been certified as being deliverable on futures. They must be stored in warehouses designated and approved by the exchange concerned.

Ex-pit or Exchange of Spot or Cash Commodity for Futures 3/ - The simultaneous exchange of a specified quantity of a cash commodity for the equivalent quantity in futures, usually due to both parties carrying opposite hedges in the same delivery month. Also known as "exchange for physical" or "against actuals."

Floor Broker 1/ - This term means any person who, in or surrounding any pit, ring, post, or other place provided by a contract market for the meeting of persons similarly engaged, shall engage in executing for others any order for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market, and who for such services receives or accepts any commission or other compensation.

Futures 3/ - Agreements to buy and receive or to sell and deliver a commodity at a future date, with these distinguishing characteristics: (1) all trades have the same unit of trading, e.g., the N.Y.C.E. contract is 100 bales; (2) the terms of all trades are identical; (3) a trade, therefore, may be offset later by a contra-trade through the same broker; (4) all trades must be made by open outcry around a ring within the hours prescribed; (5) the contract has a basic grade but may have other grades deliverable; (6) delivery is made during a single calendar month; and (7) the trades are cleared through a clearing house daily. (Traders in cash or spot goods usually refer to sales for shipment or delivery in the future as "deferred" or "forward" sales. Such sales, however, are not standardized as are futures contracts just described above.)

Futures Commission Merchant 1/ - Means and includes individuals, associations, partnerships, corporations and trusts engaged in soliciting or in accepting orders for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market and that, in or in connection with such solicitation or acceptance of orders, accepts any money, securities or property (or extends credit in lieu thereof) to margin, guarantee, or secure any trades or contracts that result or may result therefrom.

Futures Contracts 4/ - These are executory contracts, the detailed terms of which are set forth in exchange rules and made a part of the contracts, wherein one party as seller undertakes to deliver and the other party as buyer undertakes to receive and pay for a stated amount of a given commodity at an agreed price during a specified month, the seller being at liberty to deliver on any date he may choose during such delivery month, and the buyer is required to receive delivery. Delivery is usually effected by the passing of warehouse receipt or of a

delivery notice, standing in place of the warehouse receipt, calling for a stated amount of one of the several grades deliverable on such contracts under exchange rules. Certain grades are deliverable at a discount and others at premium with respect to basis grades. The buyer must accept any one or any of the several deliverable grades that the seller may choose to deliver.

Future Delivery 3/ - As used in the Act does not include any sale of any cash commodity for deferred shipment or delivery.

Hedging 4/ - These are purchases and sales of commodities for future delivery made by handlers and processors of the actual commodity as a form of protection against price fluctuations affecting stocks of the actual commodity or contracts involving such actual commodity. The purpose is to offset any profit or loss through price fluctuation affecting the actual commodity by a counter-result on contracts for future delivery.

Identification - See Bona Fide Hedge, page 1, Exhibit 3.

Long 4/ - One is said to be net "long" of the futures market if he has bought more contracts than he has sold--opposite of "short." Long hedges are purchases of futures made as a hedge against the sale of the cash commodity; long interest the sum total of all long contracts or the owners of such interest.

Margin 4/ - Margin means the sum of money (or collateral the equivalent of money) which the buyer and seller in contracts for future delivery deposit with their respective commission firms to guarantee performance. Such margins are usually sufficient to allow for some movement in price, and when exhausted, the commission firm, after notice and call for additional funds, may close the trade.

Omnibus Account 3/ - An account carried by one futures commission merchant with another in which the transactions of two or more persons are combined rather than designated separately and the identity of individual accounts is not disclosed.

Open Interest 3/ - The number of unliquidated contracts. In any one delivery month the short interest equals the long interest, in other words, the total number of contracts held equals the total number bought. Open interest is synonymous with open commitments or open position.

DEFENDANTS' EXHIBIT 214

Px 219c

I. HAUPT & CO. OPEN INTEREST IN THE NEAR MONTH, AND ALL MONTHS,
AND AS A PERCENT OF TOTAL OPEN INTEREST
ALLIED'S OPEN INTEREST AT HAUPT IN THE NEAR MONTH, AND ALL MONTHS,
AND AS A PERCENTAGE OF TOTAL OPEN INTEREST
JULY 1, 1963 - NOVEMBER 19, 1963

COTTONSEED OIL

		NEAR MONTH AND CASH MONTH								ALL CONTRACT MONTHS							
			I. HAUPT & CO.				ALLIED CONTRACTS HELD BY I. HAUPT				I. HAUPT & CO.				ALLIED CONTRACTS HELD BY I. HAUPT			
			OPEN INTEREST		% OF TOTAL OPEN INTEREST		NO. OF CONTRACTS		% OF TOTAL OPEN INTEREST			OPEN INTEREST		% OF TOTAL OPEN INTEREST		NO. OF CONTRACTS		% OF TOTAL OPEN INTEREST	
	DATE	TOTAL OPEN INTEREST	LONG	SHORT	LONG	SHORT	LONG	SHORT	LONG	SHCRT	TOTAL OPEN INTEREST	LONG	SHORT	LONG	SHORT	LONG	SHORT	LONG	SHORT
July 1963	1	3,275	51		2						5,654	83	51	1	1				
	2	3,216	31		1						5,613	74	51	1	1				
	3	3,277	31		1						5,729	74	51	1	1				
	Holiday																		
	5	3,257	31		1						5,749	74	51	1	1				
	8	3,270	31		1						5,764	74	51	1	1				
	9	3,272	31		1						5,787	74	51	1	1				
	10	3,906	51		1						6,439	94	51	1	1				
	11	3,910	51		1						6,431	107	51	2	1				
	12	3,898	51		1						6,416	107	51	2	1				
	15	3,831	40		1						6,329	86	51	1	1				
	16	3,821	40		1						6,320	86	51	1	1				
	17	3,729	71		2		32		1		6,268	111	51	2	1	32		1	
	18	3,786	67		2		32		1		6,297	106	51	2	1	32		1	
	19	3,831	67		2		32		1		6,297	106	51	2	1	32		1	
	22	3,821	66		2		32		1		6,302	105	51	2	1	32		1	
	23	3,796	66		2		32		1		6,274	105	51	2	1	32		1	
	24	3,794	66		2		32		1		6,305	105	51	2	1	32		1	
	25	3,829	66		2		32		1		6,385	105	51	2	1	32		1	
	26	3,846	76		2		42		1		6,462	115	20	2	0	42		1	
	29	3,860	76		2		42		1		6,510	115	20	2	0	42		1	
	30	3,900	76		2		42		1		6,605	115	20	2	0	42		1	
	31	3,898	76		2		42		1		6,595	111	20	2	0	42		1	
August 1963	1	3,897	74		2		42		1		6,621	111	20	2	0	42		1	
	2	3,869	74		2		42		1		6,630	111	20	2	0	42		1	
	5	3,889	74		2		42		1		6,678	111	20	2	0	42		1	
	6	3,443	74		2		42		1		6,347	111	20	2	0	42		1	
	7	3,456	74		2		42		1		6,366	111	20	2	0	42		1	
	8	3,437	74		2		42		1		6,805	311	20	5	0	242		4	
	9	3,429	74		2		42		1		6,878	311	20	5	0	242		4	
	12	3,283	74		2		42		1		6,748	311	20	5	0	242		4	
	13	3,411	72		2		42		1		6,912	301	20	4	0	242		4	
	14	3,343	77		2		47		1		6,869	306	20	4	0	247		4	
	15	3,279	77		2		47		1		6,811	978	20	14	0	918		13	
	16	3,303	77		2		47		1		6,992	1,035	20	15	0	976		14	
	19	3,309	77		2		47		1		7,159	1,066	20	15	0	1,007		14	
	20	3,305	77		2		47		1		7,360	1,115	20	15	0	1,056		14	
	21	3,308	77		2		47		1		7,424	1,125	20	15	0	1,066		14	
	22	3,304	77		2		47		1		7,479	1,194	20	16	0	1,135		15	
	23	2,300	77		3		47		2		7,499	1,219	20	16	0	1,160		15	
	26	2,059	77		4		47		2		7,744	1,219	20	16	0	1,160		15	
	27	577	10		2		-		-		7,200	1,219	20	17	0	1,160		16	
	28	3,021	479		16		448		15		7,256	1,214	20	17	0	1,160		16	
	29	3,609	475		13		448		12		7,851	1,210	20	15	0	1,160		15	
	30	3,664	475		13		448		12		7,995	1,210	20	15	0	1,160		15	

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IRA HAUPT & CO. OPEN INTEREST IN THE NEAR MONTH, AND ALL MONTHS,
AND AS A PERCENT OF TOTAL OPEN INTEREST
ALLIED'S OPEN INTEREST AT HAUPT IN THE NEAR MONTH, AND ALL MONTHS,
AND AS A PERCENTAGE OF TOTAL OPEN INTEREST
JULY 1, 1963 - NOVEMBER 19, 1963

COTTONSEED OIL

		NEAR MONTH AND CASH MONTH									ALL CONTRACT MONTHS								
			I. HAUPT & CO.				ALLIED CONTRACTS HELD BY I. HAUPT					I. HAUPT & CO.				ALLIED CONTRACTS HELD BY I. HAUPT			
	DATE	TOTAL OPEN INTEREST	OPEN INTEREST		% OF TOTAL OPEN INTEREST		NO. OF CONTRACTS		% OF TOTAL OPEN INTEREST		TOTAL OPEN INTEREST	OPEN INTEREST		% OF TOTAL OPEN INTEREST		OPEN INTEREST		% OF TOTAL OPEN INTEREST	
			LONG	SHORT	LONG	SHORT	LONG	SHORT	LONG	SHORT		LONG	SHORT	LONG	SHORT	LONG	SHORT	LONG	SHORT
September 1963	3	4,622	476		10		449		10		8,348	1,211	20	15	0	1,161		14	
	4	4,627	476		10		449		10		8,160	1,211	20	15	0	1,161		14	
	5	4,592	3,701		81		3,674		80		8,104	4,723	20	58	0	4,673		58	
	6	4,605	3,700		80		3,673		80		8,127	4,742	20	58	0	4,672		57	
	9	4,598	3,696		80		3,669		80		8,142	4,752	20	58	0	4,682		58	
	10	4,587	3,696		81		3,669		80		8,107	4,752	20	59	0	4,692		58	
	11	4,596	3,676		80		3,669		80		8,090	4,782	-	59		4,702		58	
	12	4,592	3,676		80		3,669		80		8,108	4,782	-	59		4,702		58	
	13	4,585	3,675		80		3,669		80		8,121	4,781	-	59		4,702		58	
	16	4,542	3,675		81		3,669		81		8,052	4,781	-	59		4,702		58	
	17	4,432	3,675		83		3,669		83		7,966	4,781	-	60		4,702		59	
	18	3,803	3,233		85		3,227		85		7,760	5,347	-	69		5,268		68	
	19	3,765	3,233		86		3,227		86		7,802	5,347	-	69		5,268		68	
	20	3,724	3,233		87		3,227		87		7,769	5,347	-	69		5,268		68	
	23	3,719	3,233		87		3,227		87		7,725	5,302	-	69		5,268		68	
	24	3,707	3,219		87		3,213		87		7,771	5,307	-	68		5,268		68	
	25	3,418	2,956		86		2,950		86		7,760	5,310	-	68		5,270		68	
	26	2,969	2,143		72		2,130		72		5,505	3,067	-	56		3,039		55	
	27	3,113	2,213		71		2,130		68		5,660	3,141	-	55		3,043		54	
	30	5,610	4,665		83		4,573		82		8,197	5,582	-	68		5,475		67	
October 1963	1	5,521	4,139		75		4,043		73		7,598	5,002	-	66		4,889		64	
	2	6,058	4,814		79		4,722		78		8,135	5,759	-	71		5,638		69	
	3	6,076	4,824		79		4,732		78		8,191	5,810	-	71		5,688		69	
	4	6,095	4,731		78		4,640		76		8,270	5,778	-	70		5,656		68	
	7	5,973	4,645		78		4,623		77		8,140	5,702	-	70		5,649		69	
	8	5,958	4,472		75		4,450		75		8,168	5,605	-	68		5,552		68	
	9	5,956	4,459		75		4,437		74		8,289	5,683	-	69		5,630		68	
	10	5,998	4,530		76		4,508		75		8,400	5,793	-	69		5,740		68	
	11	6,092	4,530		74		4,508		74		8,972	5,861	-	65		5,823		65	
	14	6,211	4,527		73		4,505		73		9,106	5,990	-	66		5,956		65	
	15	6,230	4,527		73		4,505		72		9,108	6,062	-	67		6,028		66	
	16	6,243	4,522	10	72	0	4,500		72		9,273	6,257	10	67	0	6,223		67	
	17	6,245	4,505	10	72	0	4,483		72		9,346	6,285	10	67	0	6,251		67	
	18	6,230	4,513	20	72	0	4,491		72		9,397	6,380	24	68	0	6,346		68	
	21	6,399	4,708	20	74	0	4,684		73		9,611	6,626	24	69	0	6,592		69	
	22	6,385	4,710	20	74	0	4,688		73		9,656	6,674	24	69	0	6,[illegible]0		69	
	23	6,353	4,699	20	74	0	4,677		74		9,657	6,742	24	70	0	6,708		69	
	24	6,154	4,533	20	74	0	4,511		73		9,725	6,866	24	71	0	6,832		70	
	25	6,174	4,592	20	74	0	4,570		74		9,811	7,011	24	71	0	6,977		71	
	28	6,169	4,616	20	75	0	4,594		74		9,844	7,095	24	72	0	7,061		72	
	29	6,188	4,665	20	75	0	4,643		75		9,927	7,228	24	73	0	7,194		72	
	30	6,204	4,716	20	76	0	4,694		76		10,134	7,644	39	75	0	7,610		75	
	31	6,100	4,670	20	77	0	4,648		76		10,072	7,637	64	76	1	7,607		76	

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IRA HAUPT & CO. OPEN INTEREST IN THE NEAR MONTH, AND ALL MONTHS,
AND AS A PERCENT OF TOTAL OPEN INTEREST
ALLIED'S OPEN INTEREST AT HAUPT IN THE NEAR MONTH, AND ALL MONTHS,
AND AS A PERCENTAGE OF TOTAL OPEN INTEREST
JULY 1, 1963 - NOVEMBER 19, 1963

COTTONSEED OIL

		NEAR MONTH AND CASH MONTH								ALL CONTRACT MONTHS								
			I. HAUPT & CO.				ALLIED CONTRACTS HELD BY I. HAUPT				I. HAUPT & CO.				ALLIED CONTRACTS HELD BY I. HAUPT			
			OPEN INTEREST		% OF TOTAL OPEN INTEREST		NO. OF CONTRACTS		% OF TOTAL OPEN INTEREST			OPEN INTEREST		% OF TOTAL OPEN INTEREST		NO. OF CONTRACTS		% OF TOTAL OPEN INTEREST	
	DATE	TOTAL OPEN INTEREST	LONG	SHORT	LONG	SHORT	LONG	SHORT	LONG	SHORT	TOTAL OPEN INTEREST	LONG	SHORT	LONG	SHORT	LONG	SHORT	LONG	SHORT
November 1963	1	6,049	4,673	20	77	0	4,653		77		10,214	7,835	64	77	1	7,807		76	
	4	6,036	4,668	20	77	0	4,653		77		10,265	7,955	64	77	1	7,927		77	
	5	6,004	4,710	2,530	78	42	4,695		78		10,486	8,236	2,574	79	25	8,208		78	
	6	5,862	4,720	2,530	81	43	4,705		80		10,543	8,504	2,574	81	24	8,474		80	
	7	5,768	4,654	2,530	81	44	4,654		81		10,604	8,526	2,574	80	24	8,518		80	
	8	5,693	4,622	2,530	81	44	4,621		81		10,654	8,544	2,574	80	24	8,532		80	
	11	5,641	4,622	2,530	82	45	4,621		82		10,764	8,699	2,574	81	24	8,696		81	
	12	5,533	3,611	2,530	65	46	3,610		65		11,118	8,084	2,619	73	24	8,086	(45)	73	0
	13	5,528	3,611	2,530	65	46	3,610		65		11,145	8,091	2,619	73	73	8,088	(45)	73	0
	14	3,039	1,101	20	36	1	1,100		36		11,242	8,089	2,619	72	23	8,097	(45)	72	0
	15	2,649	584	20	22	1	584		22		11,814	8,132	2,619	69	22	8,088	(45)	68	0
	18	2,539	584	20	23	1	584		23		11,412	8,150	109	71	1	8,088	(45)	71	0
	19	2,527	584	20	23	1	564		23		11,309	8,150	109	72	1	8,088	(45)	72	0

0 = less than 1%

Source: Total open interest - CEA daily compilation of open interest reported thereto.

Ira Haupt & Co. open interest - CEA Form 1000 filed by Ira Haupt & Co.

Allied's contracts held by Haupt:
Allied's daily reports to CEA on Form 1003
Haupt's reports to CEA on Form 1001

1277e

DEFENDANTS' EXHIBIT 215

1279e

RWG:bj 6/15/64 1.

ECONOMIC ANALYSIS OF H.R.11278
A BILL TO AMEND THE COMMODITY EXCHANGE ACT

Many of the provisions of this bill are salutary and should receive the support of all who are interested in fair and efficient marketing. The bill also contains some provisions which reflect inadequate appreciation of the economic purposes and functioning of futures markets, some which could impair their proper functioning, and some which grant the Secretary of Agriculture such broad emergency powers as would enable him to dictate the fate of contract markets, or their participants, and do them irreparable harm. Constructive alternatives, based upon full appreciation of the performance of futures markets and full recognition of the need for their regulation, are available.

An underlying philosophy which is alien to the purposes and concept of futures trading is expressed in Sec. 4j, where the Secretary of Agriculture is credited with the ability not only to discern but to anticipate unwarranted or unreasonable price change. Price change is warranted by uncertainty; and uncertainty always exists, even in the Department of Agriculture. It is possible, through intensive study of the facts, to say in retrospect whether price change was warranted. Because it is not possible to say this in advance, we have futures markets, where differing opinions of prospective price changes can be reconciled.

The Secretary of Agriculture has at his disposal the information and resources to enable him to learn whether some price change which has occurred seems to have been warranted by the facts as they unfolded. He can then also endeavor to ascertain whether any unwarranted changes appear to have resulted from honest mistakes or from deliberate manipulation. This is his proper

role in the interest of fair and efficient marketing. To go beyond this in his influence upon price change is to control prices. Already, in existing price support and related legislation, the Secretary is specifically empowered to control certain prices within certain limits; but it has never been the intention of Congress in regulating commodity futures markets that the Secretary be given additional price control authority.

It is common knowledge, and no criticism of the Secretary, that his price forecasts have gone awry on occasion. In the circumstances surrounding the defeat of the wheat referendum in 1963, the Secretary predicted wheat prices much lower than those which occurred, and much lower than those predicted on the futures markets. The Secretary's opinion of warranted price change differed from market opinion, and the Secretary was proved wrong. Given the authority to act upon his belief in the prospect of unwarranted change, the Secretary could prevent warranted price change.

Even in retrospect, most futures price changes are seen to have been warranted by the emergence of new information. 1/ Because new information emerges randomly, however, it is impossible to say in advance what price change is reasonable or warranted.

The same Sec. 4j refers to the prospect of excessive speculation, to which much the same considerations apply as to the prospect of warranted price change. An additional consideration which applies here relates to the C.E.A. definition of excessive speculation. Many futures markets have

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1/ See Holbrook Working, "New Concepts Concerning Futures Markets and Prices" American Economic Review, Vol. LII, No. 3, June 1962

Arnold Larson, "Measurement of a Random Process in Futures Prices" Food Research Institute Studies, Stanford University, Stanford, California, Vol. 1, No. 3, November 1960.

inadequate speculation, 2/ yet there is reason to believe that speculation is always adequate by C.E.A. standards, and commonly excessive. 3/ The C.E.A. has on occasion assessed the "adequacy of speculation to carry the hedging load," implying a definition of adequacy which limits speculative positions to the size of the net hedging position, and has indeed referred to "excesses" above that level. This is a very restrictive definition of speculative adequacy which altogether ignores the price determining role of futures trading; limiting the role of futures markets to that of accommodating hedging. The most important function of futures markets is price determination, which in itself facilitates and is facilitated by hedging.

Excessive speculation can cause unwarranted price change on occasion; but if it is impossible to anticipate unwarranted price change, it is likewise impossible to anticipate excessive speculation. Inadequate speculation, the more common condition, has its price effects also--a fact which is not recognized in the bill. Prices are poorly defended on markets with inadequate speculation, where the cost of trading tends to be high.

Margin Requirements

Both of the above considerations, which reflect inadequate appreciation of the purposes and functioning of futures markets, occur in the section (4f) which proposes to vest control over margin requirements in the Secretary of Agriculture. Not only is the Secretary credited with unbelievable foresight in anticipating and evaluating price changes and speculative activity, but he is charged with a responsibility to invoke a very cumbersome and inequitable control measure. If the Secretary senses the danger of manipulation or

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2/ Roger W. Gray, "The Characteristic Bias in Some Thin Futures Markets" Food Research Institute Studies, Stanford University, Stanford, California Vol. I, No. 3, November 1960, and "The Importance of Hedging in Futures Trading and Its Effectiveness of Futures Trading for Hedging," Futures Trading Seminar, Madison, Wisconsin, Vol. 1, 1960.

3/ Roger W. Gray, "Some Current Developments in Futures Trading" Reprinted from Journal of Farm Economics, Vol. XL, No. 2, May 1958.

restraint of trade, granting for the sake of argument that he can detect these incipiently, it is questionable on several grounds whether increased margins should be required. This penalizes everybody for the suspected transgressions of one or a few, which is not only inequitable, but also deprives the market of the opportunity for self-correction. The proven antidote for over-speculation, manipulation, or other attempted trading evils is the price defense thrown up by others in the market place who detect and defeat such efforts. The best antidote for monopoly is competition, yet the remedy proposed in the bill is to restrict market entry at a time when the Secretary deems competition to be threatened. If additional remedies are required, they should be specific remedies--not measures which reduce the resistance of the entire system to the incipient malady.

The basic difference between futures trading and the earlier forms from which it evolved is that it is more open and competitive. The distinguishing characteristics which were devised in order to make it so are (1) the establishment of a clearing house, to provide safety and ease of offset, thereby attracting trade (2) the establishment of margin requirements to protect the clearing house, and which in fulfilling this purpose can be at low enough levels to provide ease of market entry (3) the requirements that all trading be done by open outcry at one place.

The great danger in using margin requirements for regulatory purposes rests in the fact that to the very extent trading is effectively curtailed the distinction between futures markets and other less competitive markets is diminished.

Appropriate margin levels serve a useful purpose in guaranteeing

performance on futures contracts, which the record shows to be among the most secure of all business instruments. The appropriate level, for speculative accounts, is one geared to the prospect of price change. While this prospect is inherently uncertain, as noted above, it can be reasonably well approximated from the statistical record, and is in fact limited by regulation for short intervals (daily limits). For most commodities margin levels equivalent to the daily limit on price change are sufficient. For certain commodities with a history of price volatility, absolute safety would require margin levels at twice the daily limit of price change.

Because clearing members of the exchanges own stock in the clearing house, and are subject to other financial requirements, margin levels can safely be lower for them than for non-clearing members and non-members.

Because hedgers do not run the risk of price change, but only the much lesser risk of changes in the relationship between spot and futures prices (basis risk), margin requirements can safely be much lower--indeed almost nominal--for hedging accounts. It is important to futures markets that hedging margins be as low as safe practice allows, for two reasons: (1) the financing of commodity inventories is thereby reduced in cost (2) the practice of hedging requires two transactions instead of one, and hence entails extra transactions cost. The saving in financing cost, which is influenced by margin levels, must more than offset the extra transaction cost, for hedging to be economical.

It is likewise important that speculative margins remain low, because participation reduces transactions costs to hedgers and enhances competition.

Anticipatory hedging, as defined in Sec. 4(3) (C) of the Commodity Exchange Act, as amended, should be subject to speculative margin requirements, since such bonafide hedging positions are subject to the full risk of price change.

There are two popular misconceptions pertaining to margin requirements which need to be corrected, not because H.R.11278 adverts to them, which it does not, but because they may be part of the general climate of opinion in which this bill is considered. The first of these is that the infamous fraud perpetrated by Allied Crude Vegetable Oil Refining Corporation was facilitated by low margin levels or would have been prevented by higher margin levels. Most of the fraud, it should be remembered, was accomplished off the futures markets; whereas higher margin levels would not have prevented the machinations that did encompass the futures markets. A second misconception is that such margins, by virtue of being down payments on credit transactions, should be set at levels comparable to those on stock purchases. A futures contract is not a capital asset, however, nor is a futures transaction a credit transaction. The commodity trade is very deeply concerned to prevent a recurrence of such a scandal as the Allied case; but at the same time concerned to avert any measures which, contrary to misconception, would not mitigate such a disaster--and which might otherwise impair the proper functioning of futures markets.

Manipulation

H.R.11278 proposes, p. 2, par. (d), to define the word "manipulate." It is of course no accident that the statute has never before contained such a definition; the word is inherently difficult to define unambiguously for regulatory purposes. It has been left to the courts, therefor, to look at all of the evidence in individual cases in order to make a determination. The courts have tended to emphasize (1) evidence of the abnormality or artificiality of price, and (2) evidence of intent on the part of the accused

to create such abnormality or artificiality.

The bill proposes a much looser definition, which is frightening for legitimate traders to contemplate. The bill says that "The word 'manipulate' shall be construed to mean the exacting, causing, or maintaining of an abnormal or artificial price by any course of action which raises, depresses, fixes, pegs, or stabilizes the price at or to a level different than that which would otherwise prevail." Whether reference to a price level "different than that which would otherwise prevail" is a mere redundancy of phraseology (since an abnormal or artificial price is by definition "different than that which would otherwise prevail"); or whether it is in fact proposed as an alternative criterion of manipulation, is a crucial question that cannot be answered from the wording of the bill. A straightforward parsing of the sentence reveals the redundancy, which should be eliminated. If the authors of the bill intended, however, that 'manipulate' be construed to mean "any course of action which raises, depresses, fixes, pegs, or stabilizes the price at or to a level different than that which would otherwise prevail" then positions of the size required by major hedging firms in most futures markets could be construed as manipulative on the face of it. While it is true that futures markets have extraordinary absorptive capacity, it is quite normal for large purchases or sales to affect the price. Reference to prices which "would otherwise prevail," taken apart from reference to abnormality or artificiality, is too onerous a criterion of manipulation.

It must be recognized that some of the smaller futures markets have well-recognized limitations to their capacity. Hedgers of wheat at Minneapolis, for example, are necessarily very conscious of the price effects

of their trading, simply because of the paucity of speculation there. It is at all times difficult for commercial firms to establish positions in such a market without moving prices to levels different than those which otherwise prevail. 4/

A more serious defect in the proposed definition of manipulation is the complete omission of any reference to intent. Users of futures markets make innocent mistakes. If a number of traders, acting independently and without any collusion, should purchase and hold a large quantity of futures contracts in the light of some reasonable expectation that failed to materialize, they could on this definition be proved guilty of manipulation. It is imperative that intent be an element of the definition of manipulation.

It is not clear why the authors of the bill added the second sentence qualifying their definition of manipulation, unless they simply wanted to make it easier to prove an allegation of manipulation without the necessity of considering all the circumstances. In a congested market situation, typified by expiring futures near the end of a crop year and scarcity of supplies, the actions of buyers and sellers (or longs and shorts) are inextricably interrelated. The best defense that a long may have against a charge of manipulation may be that shorts did not avail themselves of deliverable stocks, or did not attempt to cover short futures contracts in an orderly manner. It is wholly unrealistic to conceive of these or any other markets as being so completely impersonal that participants are not influenced by the actions and postures of other participants. The accused

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4/ See, for example, Roger W. Gray, "The Relationship Among Three Futures Markets" Food Research Institute Studies, Stanford University, Stanford, California, Vol. II, No. 1, February 1961.

manipulators, in the very nature of the conflicting interests of longs and shorts, should always be entitled to make the defense that the artificiality was created by acts or omissions of traders whose interests conflict with his.

Cease and Desist Orders; and Injunctions

H.R. 11278 provides for two new preventive procedures which can be initiated by the Secretary of Agriculture against either persons or boards of trade in a wide variety of circumstances, not limited to dealings in commodity futures. The Secretary may himself issue a cease and desist order; or may notify the Attorney General who may bring injunctive action. Heretofore the remedy for suspected violations has been through complaint and hearings procedures and opportunity to appeal into the courts.

It is questionable whether futures markets lend themselves to regulation by injunctive or cease and desist orders. Price movements which are justified, and subject to the uncertainty discussed earlier, may also be quite rapid. The trader who is deterred from his intention to take advantage of a movement which he anticipates, as he might well be by even the hint of a cease and desist order, could be done irreparable harm, despite the fact that subsequent events might vindicate him. On the other hand, if the Secretary's suspicions are warranted, illegal action by such a trader does not leave the government without recourse under present law--he can be proven guilty and penalized. If it is felt that the present statute affords an inadequate deterrent to violations it would seem that (1) its authors should make a showing that the regulation has in fact been inadequate. (The CEA has published numerous accounts purporting to show the efficacy of its policing activities.) (2) more severe penalties for proven violations should be considered as an alternative to the proposed orders and injunctions.

The basic criticism of cease and desist orders and injunctions goes back to the inherent difficulty of anticipating price change and of establishing manipulative or other violations. Confronted by these inherent difficulties, and given the authority for precipitate action, the Secretary of Agriculture might become "trigger-happy." He would have much to gain and little to lose in such an approach; yet much to lose in the event of failure to exercise such authority at an earlier stage of what subsequently proved to be a violation. If such authority, in the context of futures trading, invited the Secretary to be "trigger-happy," it would soon cause the trade to be "gun-shy." Any general deterrent to the use of the markets is undesirable as it would only impair their performance and usefulness. Therefor, procedures and penalties which promise to be more specific and certain are to be preferred.

Other Changes of Possible Economic Significance

A similar bias toward overzealous regulation may be found elsewhere in the bill. The Secretary is granted rather sweeping new powers (Sec. 16(b)(8)) over terms and conditions of contracts, their form and manner of execution, etc. These matters have heretofore been regulated by the exchanges, oftentimes with advice from the CEA, with excellent results. The new wording in Section 6(b) of the Commodity Exchange Act (Sec. 20. (a) of the bill) dealing with restraint of trade, is similarly broad in its implications. The significance of such changes can only be assessed in practice, but the absence of any apparent reason for such extensions of authority in itself suggests the possibility of wilfull or precipitate use. Again the fear is that too restrictive exercise of such authority would deter necessary and desirable use of the markets.

The Extent of Market Regulation

Because H.R. 11278 entails a general widening of statutory controls over futures markets, it is worth noting the comparative extent of such control as it already exists. It is particularly noteworthy that the alternative forms of marketing, to which the commodity trade would tend to turn in the event of diminished usage of futures markets, are subject to no such regulatory or reporting requirements as are futures markets. Yet it is easier to exert trade restraints and practice manipulation in the markets which are inherently less open and competitive than futures markets. It is also true that American futures markets are subject to heavier governmental regulation than those in other countries. Most other governments do not collect and publish data from futures markets, but indications from official data in such countries as India and Argentina, for examples, are that futures trading consists in much higher proportion of speculative trading than it does in the United States.

COURT'S EXHIBIT 2

[illegible] 1,2 OK

16 A-F not in evidence

Rec'd in W if A

12 G-J not in evidence

" 18 not in evidence

OK 35 144 not in evidence OK 145, 156 not in evidence

" OK 209 210, 214 OK

not in evidence part in was read Jan 11 here

Exhibs 12 not in evidence, 15 15A Boyer's part neglected in record

" OK 17, OK 27, OK 28, OK 29, OK 55

" OK 122-126 + with underlying data

" 130-132, A+B not in evidence

" OK 200, 266 OK

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

HARVEY R. MILLER, as Trustee in Bankruptcy of IRA HAUPT & CO., a Limited Partnership, Bankrupt,

Plaintiff,

- against -

NEW YORK PRODUCE EXCHANGE, et al.,

Defendants.

66 Civ. 1016

SPECIAL VERDICT

Be sure to consider BOTH Questions 1 through 4, AND 5 through 7.

AS TO THE PERIOD PRIOR TO NOVEMBER 14, 1963

1. Has the plaintiff proved by a fair preponderance of the evidence that Allied Crude was engaged in market manipulation, or was otherwise distorting the orderly functioning of the market in cottonseed oil futures contracts?

_____ Yes _____ No

IF THE ANSWER TO THIS QUESTION IS "NO" YOU MUST FIND FOR THE DEFENDANTS AS TO THE PERIOD PRIOR TO NOVEMBER 14, 1963.

COURT'S EXHIBIT 4

2. If the answer to Question #1 was "YES" has the plaintiff proved by a fair preponderance of the evidence that the defendant or defendants knew or had reason to believe or suspect that a market manipulation or an attempt to distort the orderly functioning of the market was occurring?

The New York Produce Exchange	Yes	No
Donald V. MacDonald	Yes	No
Harry B. Anderson	Yes	No
Walter C. Klein	Yes	No
Harold C. Vogel	Yes	No
Sidney Fashena	Yes	No

IF YOU FIND THAT THE ANSWER TO THIS QUESTION IS "NO" AS TO ANY PARTICULAR DEFENDANT OR DEFENDANTS, YOU MUST FIND FOR THAT DEFENDANT OR DEFENDANTS AS TO THE PERIOD PRIOR TO NOVEMBER 14, 1963.

3. If your answer to Question #2 was "YES" as to a particular defendant or defendants, has the plaintiff proved by a fair preponderance of the evidence that that defendant or defendants failed to take appropriate action in light of the circumstances?

The New York Produce Exchange ____ Yes ____ No

Donald V. MacDonald ____ Yes ____ No

Harry B. Anderson ____ Yes ____ No

Walter C. Klein ____ Yes ____ No

Harold C. Vogel ____ Yes ____ No

Sidney Fashena ____ Yes ____ No

IF YOU FIND THAT THE ANSWER TO THIS QUESTION IS "NO" AS TO ANY PARTICULAR DEFENDANT OR DEFENDANTS, YOU MUST FIND FOR THAT DEFENDANT OR DEFENDANTS AS TO THE PERIOD PRIOR TO NOVEMBER 14, 1963.

4. If your answer to Question #3 was "YES" as to a particular defendant or defendants, has the plaintiff proved by a fair preponderance of the evidence that the action or inaction of that defendant or defendants was a proximate cause of Haupt's injuries?

The New York Produce Exchange ____ Yes ____ No

Donald V. MacDonald ____ Yes ____ No

Harry B. Anderson ____ Yes ____ No

Walter C. Klein ____ Yes ____ No

Harold C. Vogel ____ Yes ____ No

Sidney Fashena ____ Yes ____ No

IF YOU FIND THAT THE ANSWER TO THIS QUESTION IS "NO" AS TO ANY PARTICULAR DEFENDANT OR DEFENDANTS, YOU MUST FIND FOR THAT DEFENDANT OR DEFENDANTS AS TO THE PERIOD PRIOR TO NOVEMBER 14, 1963.

AS TO THE PERIOD FROM NOVEMBER 14 to NOVEMBER 19, 1963

5. Has the plaintiff proved by a fair preponderance of the evidence that the defendant or defendants failed to reasonably carry out his or its duties and abused his or its discretion in regulating the market?

The New York Produce Exchange ____ Yes ____ No

Donald V. MacDonald ____ Yes ____ No

Harry B. Anderson ____ Yes ____ No

Walter C. Klein ____ Yes ____ No

Harold C. Vogel ____ Yes ____ No

Sidney Fashena ____ Yes ____ No

IF YOUR ANSWER TO THIS QUESTION IS "NO" AS TO ANY PARTICULAR DEFENDANT OR DEFENDANTS, YOU MUST FIND FOR THAT DEFENDANT OR DEFENDANTS AS TO THE PERIOD NOVEMBER 14 to NOVEMBER 19, 1963.

6. If your answer to Question #5 was "YES" as to a particular defendant or defendants, has the plaintiff proved by a fair preponderance of the evidence that such a failure to act reasonably -and such an abuse of discretion on the part of that defendant or defendants was a proximate cause of Haupt's injuries?

The New York Produce Exchange	Yes	No
Donald V. MacDonald	Yes	No
Harry B. Anderson	Yes	No
Walter C. Klein	Yes	No
Harold C. Vogel	Yes	No
Sidney Fashena	Yes	No

IF YOU FIND THAT THE ANSWER TO THIS QUESTION IS "NO" AS TO ANY PARTICULAR DEFENDANT OR DEFENDANTS, YOU MUST FIND FOR THAT DEFENDANT OR DEFENDANTS AS TO THE PERIOD NOVEMBER 14 TO NOVEMBER 19, 1963.

7. If your answers to Questions 1 through 4 were "YES" and/or your answers to Questions 5 and 6 were "YES", have the defendants proved by a fair preponderance of the evidence that the action or inaction of Ira Haupt & Co. either prior to or subsequent to November 19, 1963, was also a proximate cause of its own injury?

_____ Yes _____ No

IF YOUR ANSWER TO THIS QUESTION IS "YES" YOU MUST FIND FOR THE DEFENDANTS. IF YOUR ANSWER TO THIS QUESTION IS "NO", AND YOU HAVE ANSWERED "YES" TO QUESTION 1 THROUGH 4 AND/OR TO QUESTIONS 5 AND 6 AS TO A PARTICULAR DEFENDANT OR DEFENDANTS, YOU MUST FIND FOR THE PLAINTIFF AS AGAINST THAT PARTICULAR DEFENDANT OR DEFENDANTS.

8.

VERDICT

FOR THE PLAINTIFFS

AGAINST DEFENDANTS

The New York Produce Exchange _____

Donald V. MacDonald _____

Harry B. Anderson _____

Walter C. Klein _____

Harold C. Vogel _____

Sidney Fashena _____

FOR THE DEFENDANTS

The New York Produce Exchange _____

Donald V. MacDonald _____

Harry B. Anderson _____

Walter C. Klein _____

Harold C. Vogel _____

Sidney Fashena _____

COURT'S EXHIBIT 5

66 Civ 1016

BRIEF OUTLINE OF TESTIMONY
OF ROBERT L. RACLIN

1. Background

2. Familiarity with role of directors of commodities markets during 1963. Information available to directors so that they can properly perform their duties to regulate.

3. Testimony that market indicators - volume of trading, open interest, increase in long hedged position, increase in deliveries and increase in ex-pit trading on the New York Produce Exchange during 1963 demonstrated that something was unusual in the market. An investigation should have been commenced.

4. Testimony regarding ex-pit trading. In particular, Mr. Raclin will testify that the use of ex-pit trading in connection with financing and rolling positions forward as Mr. DeAngelis did in 1963, was improper.

5. Mr. Raclin will also testify that Mr. DeAngelis was manipulating the cottonseed oil futures market in 1963 through a pattern of buying huge quantities of futures contracts, engaging in a series of ex-pit warehouse receipt transactions designed to maintain the market price, and buying at the close.

6. Mr. Raclin will testify that Mr. DeAngelis' activities caused a dislocation of oil in 1963 in that much of the oil moved to the East, and also affected prices and spreads in both cash and futures, and that he and other persons in the trade could observe these factors in 1963. Mr. Raclin will also testify that it was known in the trade that Mr. DeAngelis was selling oil at prices lower than he paid for that oil.